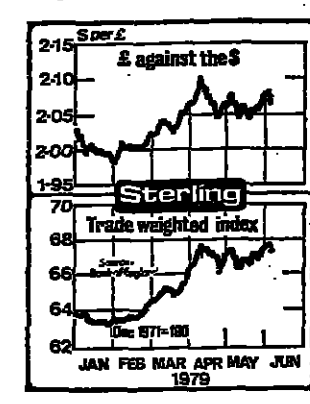


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NEWS SUMMARY

**GENERAL**  
**Thorpe will not speak in defence**  
Jeremy Thorpe will not give evidence in his defence at the Old Bailey murder conspiracy trial, his QC, Mr. George Carman, told the jury yesterday.  
The surprise announcement on the 21st day of the trial has brought the trial to its last stages well ahead of the expected schedule. Earlier, counsel for Thorpe's co-accused David Holmes and John Le Mesurier said that they, too, would call no evidence.

**Closing**  
The court will not sit today and closing speeches will begin on Monday. Only the fourth alleged conspirator, George Deakin, gave evidence—which began and ended yesterday.  
All four men have pleaded not guilty to conspiring to murder former male model Norman Scott. Thorpe has pleaded not guilty to trying to persuade Holmes to murder Scott.  
In his evidence Deakin said he was in the witness box because he had nothing to hide. He said he knew nothing of a plot to kill Scott and claimed he was asked only to find a person to "frighten the hell out of someone" who was blackmailing an unnamed man.



**BUSINESS**  
**Sterling weaker; Gilts up 0.25**  
STERLING was weak in nervous trading ahead of today's trade figures, its trade-weighted index falling further to 67.3 (67.6). The pound fell 33 points to \$2.0655. The dollar's trade-weighted index was unchanged at 87.0.

**GOLD** fell \$1 1/2 to close at \$277 1/2 in very active trading.

**EQUITIES** failed to extend Wednesday's upturn, the FT 30-share index easing 2.9 to close at 514.0.

**GILTS** improved on revived budget optimism, the Government Securities index closing 0.25 up at 73.16.

**WALL STREET** was up 2.51 at \$33.01 near the close.

THE ENERGY CRISIS; Callaghan asks for Government statement

Consumption of oil must be cut by 5%, says Minister

BY KEVIN DONE, ENERGY CORRESPONDENT

The Government yesterday called on all consumers to cut oil consumption immediately by 5 per cent. But Mr. David Howell, the Energy Secretary, ruled out direct intervention by the Government in the allocation of oil supplies.

Steps to ration oil deliveries will be left to the oil companies and the Government is refusing to make any special provisions for priority users.

Mr. James Callaghan, yesterday called for a Government statement in the Commons on Monday on its handling of oil and petrol supplies.

The Labour leader, who telephoned his request to Downing Street, said he was "astonished and concerned" at the lack of Government action when supply problems were affecting industry, railways, agriculture and tourism, as well as the public.

Mr. Callaghan was told that Mr. Howell would be answering Parliamentary questions in the usual way on Monday, but the Opposition leader repeated his demands for a comprehensive statement on Government policy.

Mr. Howell said yesterday that oil company estimates showed that oil supplies to the UK in the first half of the year were likely to be nearly the same as in the first six months of last year.

Demand in the first three months of the year rose by nearly 7 per cent, however, largely because of the very cold weather.

Demand for the whole year could be 2.5 per cent higher than 1978, but stocks had been depleted to such a low level that supplies were not available to meet this increase.

In addition, it was vital for suppliers to rebuild stocks for next winter.

The oil problem was managed, said Mr. Howell, "provided every one of us, averaged out over the country as a whole, cuts our use of oil and its products by at least 5 per cent."

Mr. Howell warned: "The problem will not go away. It is not a passing phase but a permanent challenge."

North Sea oil did not offer an "escape route." The build-up in production could cushion the UK to some extent from the worst effects of the shortfall in world crude supplies.

"But it does not mean we can isolate ourselves from the world. We have to trade in different qualities of oil to meet our needs. We have inter-

Iran's State oil company cuts budget

BY ANDREW WHITLEY IN TEHRAN

THE NATIONAL Iranian Oil Company, the world's second largest oil company and the mainstay of Iran's economy, is cutting last year's budget of Rials 2570n (£1.76bn) by half. This reduction reflects sharply reduced drilling and exploration activity as well as the halting of the very expensive oilfields' secondary recovery programme.

Further confirmation that the Iranian economy is to be run at a much lower level than in the past came in the statement yesterday by Mr. Hassan Nazih, National Iranian Oil Company chairman, that a major gas pipeline project to the Soviet Union was "90 per cent certain to be cancelled."

The cancellation will have far-reaching implications for Western Europe, expecting to receive equivalent quantities of Soviet gas in the mid-1980s. All work on the Iranian side of the pipeline has stopped.

Mr. Ali Nabegh, a senior NIOC adviser, said the \$1.6bn project was uneconomical. Iran is instead to press ahead with its programme to convert domestic industry and home fuel systems to gas.

Mr. Nazih did not go into details on this year's capital investment by NIOC. He said that immediate savings of about Rials 7bn (£49.6m) had been made by cutting wasteful and unnecessary expenditure. This sum included the salaries of expatriates formerly working in the oilfields.

Power station coal may rise 14%

BY JOHN LLOYD

THE PRICE of coal to the country's power stations is expected to increase by between 10 to 14 per cent in the next few weeks. This is expected to result in a rise in electricity prices of around 4 per cent.

It will be the second coal price rise this year, and it is thought that the price may go up yet again before next March, the traditional time for industrial coal price rises.

The National Coal Board raised its prices by 9 per cent in March this year, and warned that it would be likely to do so again, especially if the oil price rose appreciably.

In April, the electricity Boards announced rises ranging from 8 to 9.6 per cent of which some 3 per cent was attributable to the coal price increase.

The Coal Board, which is facing large increases in its wages and raw material costs, has made it clear that it feels it must raise more heavily these costs by raising its prices in line with the steeply rising oil prices.

Engineering pay talks fail to reach agreement

BY ALAN PIKE, LABOUR CORRESPONDENT

A FRESH bid by engineering employers and union leaders to reach a new national agreement in the industry against a background of threatened industrial action failed yesterday.

The Amalgamated Union of Engineering Workers, policy-making national committee will be recalled on Tuesday to hear Mr. Terry Duffy, president, report that day-long talks with the Engineering Employers Federation have still left important gaps between the two sides. Last night he described the position as "gloomy."

Union leaders have already said that they will call industrial action if they do not get an acceptable settlement. A decision on this could come either from the national committee or from the Confederation of Shipbuilding and Engineering Unions, which meets later this month.

During yesterday's talks the employers offered new national minimum rates ranging from £68 for skilled workers to £49 for unskilled. Their previous offer was £65 for skilled and £48 for unskilled in response to a claim for £80 for craftsmen and proportionate increases for other grades.

It appears that during yesterday's talks union leaders indicated that they would be prepared to scale down their claim to £70. However, the talks broke down not only because the employers would not bridge this £2 gap but as a result of their insistence that any increases would not come into force until the anniversary date of factory-level settlements.

Employers say a single annual settlement date is needed so that companies can plan future labour costs when making tenders.

Yesterday's offer would have raised basic rates by between 3.8 and 13.3 per cent but this cannot be translated into a similar rise in earnings. Actual earnings in the industry are determined at plant level with many engineering workers receiving well above the basic rates.

Negotiators representing 95,000 power workers yesterday received a revised offer of 16 per cent on basic rates and 14 per cent overall. It was rejected in a previous ballot.

Unions and employers in the building industry will meet again on Monday following a decision by three of the industry's four unions to reject an offer worth 13-14 per cent.

Sharp blow

Oil output is presently running at 3.2m barrels a day and exports at 3.2m to 3.3m barrels. Both have been gradually falling over the past fortnight. Mr. Nazih attributed the decline in part to lower domestic consumption in Iran during the summer. Total output is 30 per cent down on the same month last year.

Iran is to press for a further rise in the OPEC "floor level" price of \$4.65 a barrel at the June 26 meeting of OPEC ministers in Geneva. It expects to be backed in this move by the Conservative member-states—Saudi Arabia and Abu Dhabi.

Our Moscow correspondent writes: Cancellation of the Soviet gas pipeline project known as "Igat-2" would be a sharp blow to the Soviet Union, forcing it to make radical changes in its energy and chemicals plans for much of the southern part of the country.

The pipeline, which had called for the two sides to build an 80-mile large diameter gas pipeline at an estimated cost of \$1.18bn. It would have had a capacity of 27bn cubic metres a year.

In exchange, the Soviet Union was to deliver 15bn cubic metres of Soviet gas to Czechoslovakia and Western Europe each year over 20 years—probably along the now complete Orenburg pipeline. The gas would come from either Central Asia or West Siberia.

"Igat-2" was to be finished by 1981 but full deliveries were not to start until several years later.

Consortium

No decision has been taken yet on paying off the large debts owed to Iranian and foreign contractors. Non-payment has in turn led to considerable discontent among Iranian labourers in the oilfields region, and Mr. Nazih showed his awareness of this delicate issue. It was announced last week that the equivalent of one day's oil income—about \$32m—was to be made available to the workers for welfare purposes.

The NIOC hopes to be able to reduce the cost of equipment and materials purchased on its behalf by a subsidiary of the 14-member Western Oil consortium—Iranian Oil Participants—by terminating its contract and purchasing directly from manufacturers.

Talks on taking over the subsidiary, Iranian Oil Services,

British Petroleum profits soar

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH Petroleum's profits climbed sharply in the first three months of the year as the company began to reap the benefit of higher crude oil and product prices and its increased stake in Sohio, its U.S. subsidiary.

After-tax profit in the first quarter of 1979 was £281.9m, an increase of 85 per cent over the last quarter of 1978 and a rise of 280 per cent over the same quarter last year.

BP said yesterday that the profit figures included a substantial element of stock appreciation following the rise in crude oil prices at the beginning of the year.

The sharp improvement also reflected a higher profit from Sohio—£53m in the first quarter of 1979 compared with only £13m in the same period last year—and improved trading margins, particularly in Europe.

BP's share in Sohio is now 52.3 per cent compared with an average of 40.3 per cent in the first three months of last year.

The group's turnover rose to just over £4bn in the first quarter against £3.4bn in the same period last year.

First quarter results show how little BP has suffered financially from the loss of a substantial part of its crude oil supplies that used to come from Iran.

Excluding Sohio, BP's crude sales in the first quarter of 1979 fell to 933,000 barrels a day compared with 1.4m barrels a day in the same period last year. Much of this loss has been offset, however, by BP shedding crude oil sales to third party customers.

Group capital expenditure in the first quarter totalled £234m against £238m in the first three months of last year. About £98m was spent in the UK.

Lex, Back Page Details, Page 22

Prestcold union plea rejected

SIR KEVIN J. S. P. has rejected a request from union officials for a meeting over the proposed closure of Prestcold's two Scottish factories with the loss of 900 jobs. Page 9

Policeman held

A constable in Scotland Yard's Special Patrol Group was being questioned by detectives investigating the death of Anti-Nazi League demonstrator Blair Peach during a riot at Southall in April.

Pope's plea

Basic human rights must be observed if the horrors of the wartime concentration camps are to be avoided in the future, Pope John Paul said after praying at the twin Nazi camps of Auschwitz and Birkenau in Poland.

Price of freedom

The Vietnamese Government earned about £2m from refugees who arrived in Hong Kong last December aboard the freighter Huey Fong, a court in the colony was told. The refugees had to pay up to £2,000 each for a place on the boat.

Hunt retires

James Hunt, World Formula One champion in 1976, is retiring immediately from motor racing. He said last night: "I am stopping now because my aim this season was to win races. Unfortunately the current state of competitiveness among the cars in Formula One has rendered that target unlikely."

Briefly . . .

Roman Catholic priest among four people helping Irish police with inquiries into a £45,000 bank robbery at Ballyna, Co. Mayo.  
More than 20,000 Japanese committed suicide last year, say police in Tokyo.  
Thirty schoolchildren and a teacher were drowned after a bus fell into Bau Lake, Malaysia.  
Three journalists were charged with connection with the death of former Italian Prime Minister

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)	
Samuel (H.) A	350 + 9
Sunley (B.)	380 + 12
Vintex	158 + 3
Treas. 12pc £3 A £101A+	7
Avana	107 + 7
Bestobell	205 + 38
Bishop's Stores A	136 + 20
Hockleys	305 + 21
Furness Wistly	300 + 17
Hambros	300 + 17
Harrisons & Crossfield	782 + 37
Hawley Leisure	361 + 34
Hickson & Welch	238 + 6
Jones (E.) (Wiers)	238 + 8
Mallinson-Denry	74 + 5
Matthews (B.)	288 + 13
Plessey	115 + 5
Provincial Laund.	491 + 51
Wearwell	39 + 6
BP	1240 + 16
Guthrie	615 + 17
Central Pacific	730 + 60
Southern Pacific	280 + 15
FALLS	
Barclays Bank	465 - 12
Brown & Jackson	350 - 18
Dobson Park	116 - 4
Hartnott	449 - 16
Stiffont	428 - 20
Trans. Cons. Land	5191 - 14
Vemorspost	300 - 14
Appointments	6
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Bank Return	15
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Racing	10
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Carroll Int'l.	22
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East Rand Gold	6
Harrisons & Crossfield	22
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Hickson & Welch	22
Jardine, Matheson	22
Leigh Jost	22
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Peterson Group	24
S. S. K.	24
Warren Plant.	24

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EUROPEAN NEWS

Swedish petrol up in bid to cut fuel consumption

BY VICTOR KAYFETZ IN STOCKHOLM

SWEDEN'S Government yesterday gave oil companies permission to raise petrol prices by 5 per cent, and imposed a 56-mile-an-hour speed limit for June 21 to September 1, Sweden peak traffic period.

The measures are aimed at avoiding rationing of oil products next winter, and also include permission for the price of heavy heating oils to be raised by unspecified amounts. The price rises can take effect from tomorrow.

Ministers said they hoped Swedish motorists would cut their petrol consumption by 10 per cent this summer. Households are being asked to use 20 per cent less hot water than usual during the same period.

In coming weeks Mr. Carl Tham, the Energy Minister, will meet representatives of business, public authorities and private special-interest organisations to agree on voluntary energy-saving measures. The Government yesterday ordered the armed forces and civil defence organisations to cut energy consumption by at least 10 per cent during the rest of the year.

Earlier this week, the International Energy Agency (IEA) declined to ask its members to switch oil supplies to Sweden under the emergency mechanism agreed by its 20 member nations. Sweden relies on imported oil for more than two-thirds of its energy, with the remainder coming mainly from domestic hydroelectric and nuclear power plants.

Late on Wednesday, Sweden's Riksdag (Parliament) gave the go-ahead for an advisory referendum to be held in March 1980 on whether Sweden should carry out plans for putting 12 nuclear reactors on stream, or phase out its existing six reactors. But the legislature left the exact formulation of the referendum questions to be worked out after next September's general election. In the meantime, no further reactors are to be fuelled.

OECD hits at level of Swiss surplus

By Terry Dodsworth in Paris

THE MAINTENANCE by Switzerland of a large current external surplus of about \$15bn since 1974 is roundly criticised in the annual OECD review of the country's economy.

The survey, published yesterday, says that the surplus "is an obstacle to better payments equilibrium within the OECD area, and goes on to suggest that the Swiss should encourage capital exports and, particularly, should raise the level of its aid to the developing world.

While stressing that some aspects of the Swiss economy are above reproach, the report concludes that not enough has been done to meet the country's international obligations.

In particular, Switzerland has not raised the level of domestic demand, as was stipulated in the OECD ministerial communique of June 1978. This undermined the special responsibility which rested with those countries having strong balance of payments positions.

On the question of overseas aid, the review regrets that the level of official aid has hardly risen in recent years. Overseas spending is "still extremely modest," although the country's per capita income is one of the highest in the world.

The Swiss are complimented, though, for achieving a "remarkable" economic performance in 1978 when prices remained virtually stable and unemployment was kept below 0.6 per cent of the labour force. These results are described as "the best" of any OECD country.

These positive results were balanced by only modest growth of 1.2 per cent.

The forecast for this year is for similar trends, although consumer prices are likely to rise by about 2.5 per cent (against 1.5 per cent last year) because of oil and raw material price rises and the growth of monetary liquidity last year.

The risk of higher inflation is ruled out because of weak domestic demand, which will probably grow at a rate of less than 2 per cent.

EANES STARTS TALKS WITH PORTUGUESE PARTIES

Pinto to carry on as caretaker PM

BY JIMMY BURNS IN LISBON

THE PORTUGUESE President, General Antonio Ramalho Eanes, yesterday accepted the resignation of the country's non-party Government but delayed deciding whether to dissolve Parliament.

The Government quit late on Wednesday night following the tabling of two separate censure motions and last minute changes to its 1979 budget.

A statement from the presidential palace yesterday said President Eanes would begin consultations with the political parties immediately and that the administration of Dr. Carlos Mota Pinto would remain in a caretaker capacity in the meantime.

It made no mention of an early dissolution of Parliament and the calling of an election within 90 days, although this was implicit in the warning that "other solutions" would have to be found if no consensus was reached within the next few days.

President Eanes made his decision after consulting the 19-member military Council of the Revolution, the nation's constitutional watchdog which he heads as commander-in-chief of the Portuguese armed forces. His leisurely approach to the latest Government crisis underlines what has become his constant theme in recent weeks: that an early election at the end



President Eanes (right) has accepted the resignation of the Prime Minister Carlos Mota Pinto (left).

of the summer would be costly for Portugal, both in political and economic terms.

Under the Portuguese constitution, the next general election is not due until 1980. Municipal elections are set for this November. Portugal would thus face three major elections in just over a year, and would almost certainly have to sacrifice her present negotiations with the International Monetary Fund.

Following the presidential announcement Dr. Mota Pinto said that the Government would continue negotiations with the IMF although he refused to be drawn on the precise financial implications of his resignation.

President Eanes is hoping that a new government capable of commanding sufficient parliamentary support can be formed within the next few days. Chances look slim, however.

The formation of yet another non-party government seems unlikely, given that the concept of non-party rule has proved too

ambiguous in recent months to ensure lasting support from Parliament.

On the other hand, the political parties so far have failed to come up with a viable alternative. The main parties, mainly the Socialists and the Social Democrats, seem as far from an alliance as they were last December when Dr. Mota Pinto first took over.

There is still some room to manoeuvre, though. Dr. Mario Soares, the Socialist Party leader and former Prime Minister, said yesterday that he favoured the formation of a new government rather than an early election. He had not ruled out the possibility of an agreement with the Social Democrat Party (PSD).

However, the latter in recent weeks has demanded the dissolution of Parliament and moved closer to an eventual electoral alliance with the conservative Christian Democrat Party (CDS).

Both the PSD and CDS argue that the breakdown in government is working against democracy and that the present Socialist-Communist majority in Parliament no longer represents the wishes of the electorate as a whole.

The non-party administration led by Dr. Mota Pinto was Portugal's tenth government since the revolution five years ago.

Demand for W. German industrial goods rises

By Roger Boyes in Bonn

AN INFLUX of foreign orders helped to push up demand for West German industrial goods by a seasonally adjusted 4.5 per cent during April, according to preliminary figures released yesterday by the Economic Ministry.

Production figures also revealed a significant upturn, with output rising by 4.5 per cent in April.

The ministry also announced that the order figures for March had been revised upwards, because of the inclusion of new statistical data.

New orders in March, according to the latest calculation, fell by 0.5 per cent, instead of the previously posted 2.5 per cent. The latest sharp increase in orders was largely caused by a 21.5 per cent rise, compared with March, in foreign orders.

This was compounded, however, by an 8 per cent increase in demand for capital goods, from both the domestic market and overseas.

While the Economic Ministry cautiously welcomed the figures, it was stressed that the statistics were preliminary and liable to revision.

Nonetheless, two months' comparison, covering March-April and January-February, shows there is a definite upward trend, with orders to manufacturing industry up by an average of 4 per cent.

Of this, 3.5 per cent of the increase was accounted for by overseas orders, and 2.5 per cent from domestic markets.

On a year-to-year basis, the preliminary production figures were also encouraging. Manufacturing industry output in March-April rose by 7 per cent compared with the same period last year, and construction industry output rose by 4 per cent compared with the same period. According to the Economic Ministry, the construction output has risen by over 20 per cent in March-April, compared with January-February. The Ministry said this was a clear sign that the building industry had started to recover from the hard winter, although output was still below the peak of autumn 1978.

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Nationwide protest called over Dutch income curbs

BY CHARLES BATCHELOR IN AMSTERDAM

THE LARGEST Dutch trade union federation, the FNV, has called a nationwide protest on June 19 against government plans to curb the growth of incomes and social security payments.

The protest has been set for the day before Parliament debates a package of measures intended to reinforce the Government's "Blueprint 81" proposals which are meant to top up 10bn (£2.3bn) of public spending during 1979/81.

Workers will be asked to attend a protest meeting in Utrecht while those unable to make the journey will be urged to stop work to discuss the Government's proposals, or to organise their own demonstrations.

The largest of the public service unions affiliated to the FNV has announced it support

which could lead to the shutdown on June 19 of many public services such as buses, trams and refuse collection. Hospitals may also be affected.

The FNV has refused a government invitation to discuss economic prospects for 1980 on June 21, the day after the parliamentary debate begins.

The public spending curbs will lead to a reduction of 0.2-0.7 per cent of the rate at which social security payments would have risen, and to measures to limit the rate of growth of the salaries of public service workers and those whose pay is linked to them.

The automatic adjustment of salaries to the rise in the cost of living will not now take place in full for people earning fl 55,000 (£12,600) or more a year.

Ecevit loses another Minister

BY METIN MUNIR IN ANKARA

THE POSITION of Mr. Bulent Ecevit as Prime Minister of Turkey was weakened further yesterday with the resignation of a member of his Cabinet.

The departure of Mr. Hilmi Isguzar, Minister of Social Security, is the second resignation from the Cabinet in a month. In addition there have been four resignations from Mr. Ecevit's Republican People's Party in the same period.

The Prime Minister's 17-member Administration rested on the social democratic RPP, Turkey's biggest party, on 11 members who quit Mr. Sulcyman Demirel's (right-wing) Justice Party and on a handful of independent right-wing members. Ten of the 11 former JP members, including Mr. Isguzar, were given Cabinet posts.

Right-wing backing and four vacancies caused by deaths enabled Mr. Ecevit to maintain a slim lead over the opposition. The situation after the six resignations is uncertain and even Mr. Ecevit is probably in doubt as the exact number he can count on in the 450-member National Assembly. His RPP has 211 members.

Since the 1977 election, 34 members have crossed the floor. This movement has created a reservoir of 20 independent members with fickle allegiances.

Mr. Ecevit has weathered more than 80 censure motions in the past 17 months. To be successful a censure motion must obtain 226 votes but on each occasion Mr. Ecevit has proved that his strength is greater than that of the combined opposition.

Mr. Isguzar resigned because the opposition tabled a censure motion against him for alleged misuse of authority for personal financial gain in property purchases by his Ministry. Mr. Isguzar refuted the claim, but said he was resigning to allow an unbiased investigation by a parliamentary committee.

By resigning after a two-hour interview with Mr. Ecevit, Mr. Isguzar made the censure motion null and void. This a test of Government strength by vote in the Assembly was averted. Mr. Demirel claimed yesterday that Mr. Isguzar was forced to resign so that there would be no vote.

However, the opposition has tabled a new censure motion on the activities of another Minister.

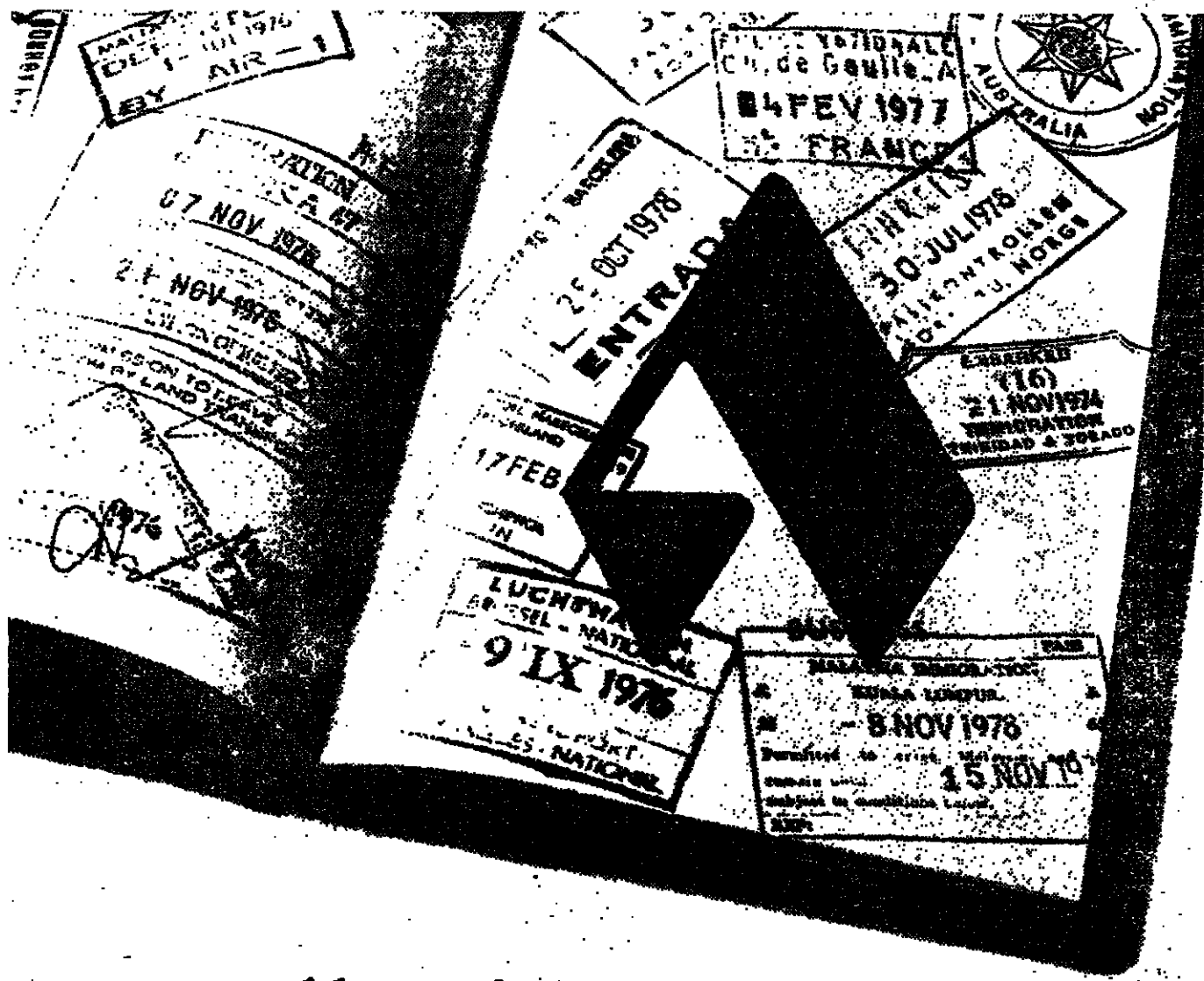
Pope prays at Auschwitz and Birkenau

AUSCHWITZ — Pope John Paul II yesterday prayed at the sites of the twin Nazi concentration camps at Auschwitz and Birkenau.

First he visited Auschwitz, where herbed wire, wooden watch towers and gloomy huts remain.

The Pope described it as "a place built on hatred and on contempt for man in the name of a crazed ideology... this site of the terrible slaughter that brought death to 4m people of different nations."

The Pope prayed before the plaques which, in 20 languages, state: "Four million people suffered and died here at the hands of the Nazi murderers." Reuter



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Results for 1978.

	1977	1978	Increase	%
Capital & Reserves, after distribution of profits (Million Pesetas)	37,313,1	42,262,1	4,949,0	13,26
Deposits (Million Pesetas)	560,909,6	639,087,8	78,178,2	13,94
Loans (Million Pesetas)	379,994,4	420,854,0	40,859,6	10,75
Investments Portfolio (Million Pesetas)	79,062,7	95,172,5	16,109,8	20,38
Net Profit (Million Pesetas)	5,520,8	5,802,4	281,6	5,10
Profit Available for Distribution (Million Pesetas)	3,816,7	4,227,4	410,7	10,76
Net Dividend per Share (Pesetas) (Maximum permitted by law)	53,3	52,9	-0,4	-0,75
Number of Branches	902	1,039		

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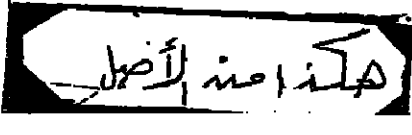
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EUROPEAN NEWS



# Spanish jobless rises by 5.2% in first quarter

BY ROBERT GRAHAM IN MADRID

THE NUMBER of unemployed in Spain rose by 5.2 per cent to 1.13m during the first quarter of this year, according to figures released by the Official Statistics Institute yesterday.

The figures, generally thought to understate the real trend, mean that 8.6 per cent of the active population is now unemployed.

The number of unemployed has risen by over 200,000, compared to the same period last year. Unemployment has risen steadily over the past two years, with no sign that it is levelling off.

Another set of figures, prepared by the Ministry of Labour and based on registration with Government employment offices, showed a sharp increase in registrations in April — from 538,000 to 965,000. From January to May, the number of registrations has increased 10 per cent.

The main increases in unemployment have been in the construction and services sectors.

The construction industry now accounts for 20 per cent of all officially unemployed.

First-time job seekers represent 36 per cent of the total. Unions argue that the real figures are substantially higher. They say they include the 130,000 considered marginally employed by the statistics institute.

At the same time, the unions say that a large number of people, mainly women, are not considered part of those actively employed, which only represents 36 per cent of total population in Spain.

A particular feature of unemployment in Spain is the relatively small percentage of persons receiving unemployment benefit. Ministry of Labour figures reveal that only 502,000 persons in January were receiving benefit, or under 50 per cent.

Latest economic indicators show that the beginnings of a mild recovery, evident in February and March, petered out in April.

# Another lock-out imposed at Port of Barcelona

BY DAVID GARDNER IN MADRID

THE DISPUTE which has affected Spain's ports intermittently since last March took a turn for the worse yesterday, when 26 labour contractors at the Port of Barcelona imposed a lock-out for the second time in two weeks.

The previous lock-out at Barcelona lasted from May 25 to 30, and also affected dockers in Malaga, Valencia and, briefly, Bilbao.

The present action is in response to dockers maintaining their work to rule, despite the recent agreement between the Labour Ministry and Spain's two main trade unions, the socialist UGT and Communist-led COO. The Dock Workers' coordinator, which is organising the work to rule, claims to represent dockers in 35 out of 41 ports in Spain, and had rejected the Labour Ministry terms three months ago. Their claim is supported by the UGT and CCOO's recent performances in the ports. The mainstream unions received little or no response to a call for national strike action earlier this year.

At the heart of the dispute is the system of contracting labour, and the long-term employment prospects in the sector. While the Labour Ministry, through the Dockworkers Organisation (OTP), establishes a census of dockers nationally, it is the private contractors, linked to the import-export companies, which hire labour.

The dockers want the OTP converted into a public company paying fixed rates, and all intermediaries eliminated. They also believe that the contractors intend to axe 7,000 of the 15,500 jobs in Spain's ports over the next four years, and rely instead on casual labour.

# USSR 'will not meet growth target'

By Leslie Collett in Berlin

THE SOVIET Union will not be able to achieve its goal of a 4.5-5 per cent annual economic growth rate it set for itself in the current five-year plan which ends next year, according to an analysis by the Comcon section of the German Institute of Economic Research.

The Berlin institute, however, notes that the 4 per cent growth rate which the Soviet Union achieved last year, and the 4.3 per cent target for this year, is "quite noteworthy" in an international comparison.

In order to achieve this year's planned 4.3 per cent growth in utilised national product—defined as the domestic utilisation of goods and services minus foreign trade—the Soviet Union will have to increase labour productivity at a faster pace.

The institute notes that in the current five-year plan the annual target figures for productivity growth were never achieved.

Last year, growth in national product per worker rose 2 per cent instead of the planned 3 per cent. This year's target figure for increasing production per employee is 5 per cent in industry.

Real incomes of Soviet workers are rising only minimally according to the German institute's analysis. Last year, the average Soviet wage increased 3 per cent to Roubles 160 monthly (£117).

This year wages are set to go up 2 per cent to Roubles 163 (£119), but as "prices are bound to continue rising," the institute says real income will scarcely increase.

Income of Soviet collective farmers is well below the average and rose by 4.5 per cent last year to Roubles 110 (£81) a month. This does not include proceeds from private plots which on average are said to add another third to income. Private plots provide a quarter of the agricultural output of the Soviet Union.

Industrial production rose 4.8 per cent last year compared with a goal of annual growth in the current five-year plan of 6.2-6.8 per cent. This year's planned growth is 5.7 per cent, which means that another goal will fail to be achieved.

Soviet primary energy production is set to expand 4.8 per cent this year, compared with 3.8 per cent last year, when President Leonid Brezhnev said oil and coal production had failed to achieve targets.

Electric power is to expand by 5 per cent this year, compared with 4 per cent in 1978 and nuclear energy is to grow by 21 per cent this year. In 1977, Soviet nuclear power stations contributed only 3 per cent of the nation's electrical output and this is to increase to 8 per cent next year.

Agriculture will continue to be the key to whether the Soviet Union can speed up its lagging industrial growth as the food processing industry contributes a fifth to overall industrial output.

Last year's expansion of Soviet agriculture by 4 per cent was largely due to the successful grain harvest with its record 235m tonnes. The German institute says the output of other crops was "far more modest."

# Greece and Turkey sign tourism pact

By David Tonge

A TWO-YEAR tourism co-operation agreement between Greece and Turkey was signed in Athens on Tuesday. It followed the first visit by a Turkish Minister—Mr. Alev Coskun, Minister of Tourism and Information—to Greece since the Turkish invasion of Cyprus in 1974.

In recent months, the two countries have continued to be at odds over demarcation of the continental shelf of the Aegean Sea.

They have also been arguing about allocation of NATO responsibilities in the Aegean, a point Turkey insists is settled before Greece is allowed to return to the military wing of the alliance.

The Turks have been advocating a second summit between the Prime Ministers of the two countries, but say that, because of a lack of response from the Greeks recently, they have not been pressing this suggestion.

The tourism agreement is an indication of how both sides wish to defuse tension. It foresees exchange of know-how, encouraging tourism between the two countries, co-operating to attract tourists from third countries, and simplifying travel procedures.

Last year, Greece earned more than £500m from tourism, but Turkey hardly turned in a surplus.

It is now putting more emphasis on developing its natural tourist resources. The Tourism Bank in Turkey has just simplified regulations covering joint ventures by foreigners with Turks.

# Bonn may join moves to curb Rotterdam oil prices

BY OUR BONN STAFF

WEST GERMANY would be ready to take part in international efforts to control the surging oil prices on the Rotterdam spot market—as the United States and France are advocating—but it has very little enthusiasm for the attempt, which it feels could at best be useful only in the short term.

The topic is likely to be discussed in cabinet next Wednesday, when Chancellor Helmut Schmidt will report on his talks in Washington with President Jimmy Carter, and Count Otto Lambsdorff, the Economics Minister, on his latest consultations with

the multinational oil concerns.

It is already clear that both Herr Schmidt and Count Lambsdorff have strong reservations on whether spot market control could be made to work. However, the Government has good reasons for not rejecting the idea.

For one thing, Mr. James Schlesinger, the United States Energy Secretary, has indicated that Washington might be ready to remove its 5 per cent subsidy on heating and diesel oil imports if curbs were put on the Rotterdam market. Washington feels that the high Rotterdam prices

have attracted distillate products which would otherwise have gone to the U.S.

Further, the French are pushing the control issue hard and wish to see it tackled at the European (EEC summit) Council in Strasbourg later this month. That meeting itself closely precedes the Western economic summit-conference in Tokyo, and the West Germans have no wish to be at the centre of a dispute on this issue when they feel there are other, more important, energy problems on which international accord must be reached.

Finally, members of Herr Schmidt's Social Democrat Party (SPD), including its chairman, Herr Willy Brandt, are becoming more strongly critical in public of the oil companies which they suggest may be manipulating prices to their own advantage.

Thus support for some kind of temporary action to try to curb price increases on the spot market could serve the Bonn Government well internationally and domestically. In any case, the Government seems certain to go along with internationally co-ordinated steps to gain better information about the operation of the Rotterdam market.

In the talks on Wednesday night between Count Lambsdorff and oil company leaders, it was agreed that West German oil supplies were secured for the coming months—although some shortages could emerge in the autumn.

While West German petrol prices have risen only moderately this year, heating oil prices have shot up, not least because of the price surge in Rotterdam. Count Lambsdorff and the oil leaders agreed that, in principle, consumers of one particular oil product should not be forced to bear a disproportionate burden.

# WEST GERMANY AND THE COMMON AGRICULTURAL POLICY

# Powerful pressures for EEC farm reform

BY JONATHAN CARR IN BONN

CAN Mrs. Margaret Thatcher's new British Conservative Government justifiably hope for West German support for moves to curb wasteful expenditure on the European Community's Common Agricultural Policy (CAP)? The answer is that it can—if the arguments used on the topic on the Bonn Finance Ministry and in Herr Helmut Schmidt's Chancellery are anything to go by.

That does not mean that the CAP reformers can rest easy. Efforts for change have foundered before in West Germany on the formidable Herr Josef Ertl, Minister of Agriculture. But even here there are some signs of increased flexibility, apparently based on the recognition that, without some new moves to curb surplus production, money will run out and the CAP will collapse.

It is in the clear interest of Herr Ertl's farmers to see that this does not happen, and that is the most encouraging element in a reform debate which has continued almost fruitlessly for years.

In a nutshell, the Finance Ministry sees the position like this. The EEC budget—more than 70 per cent of which goes to agriculture—has grown sharply in this decade, from DM 8.4bn (£2.11bn) in 1971 to DM 34.3bn (£8.63bn) in 1979.

West Germany is the biggest contributor to the budget, and the gross German payment

now totals more than 5 per cent of the Federal German budget.

The Ministry does not wholly swallow the argument that the cash which goes to Brussels is then spent on Community policies which take the place of national expenditure. On the whole, it is felt that the transfers to the EEC represent a loss not only to the national budget but to the domestic policies to be financed through that budget. This is seen as supportable so long as Community policies are sensible, serve European integration and can be demonstrated clearly as such domestically.

The EEC budget is financed mainly from the proceeds from customs tariffs, agricultural levies and this is the tricky issue—the equivalent of the yield of one percentage point of value added tax. Together, these form the Community's "own resources."

But if expenditure on the CAP continues to grow at current rates, it is estimated that available Community funds implied under the "own resources" system will be used up by 1981.

The European Commission—vigorously backed, so far largely alone by the British—has been seeking way of cutting the growth of farm expenditure. But the Commission also suggests that "own resources" might be boosted in the early 1980s through an increase in the VAT contribution from one to two percentage points.

This is where the West Germans dig in their toes—not only the Finance Ministry, but the parliamentary Budget Committee and, it is gathered, Herr Schmidt himself. The Finance Ministry says bluntly that the EEC will have to get used to the uncomfortable situation, familiar to national governments, that revenue cannot simply be increased at the drop of a hat.

economic adviser, Dr. Horst Schulmann. He urged a restoration of agricultural market equilibrium, noting that, by reducing the costs of the CAP, budgetary means would be made available for other policies. This view seems to go far to meet the ones which British representatives of whatever party have been expressing.

There is a catch, or at least there could be. What if the

astonished even officials who watch the topic all the time, West Germany's net transfer to the EEC in 1978 was far below that of 1977.

It is worth stressing that different figures for net transfer payments emerge from the Finance Ministry and Bundesbank, particularly because the latter simply considers the effect on the balance of payments in a given year. That means including, for example, repayments of funds from Brussels representing an overpayment in a previous year.

The Brussels Commission produces its own figures, which do not always exactly coincide with those from West German sources. These facts in themselves show the hair-raising difficulties of comparing net contributions to the EEC by its various member states.

All that said, there remain two cogent reasons why CAP reform should have powerful advocates in West Germany in future. Even if the German net transfer continues to go down, the gross figure will continue to rise.

Secondly, it is not in West Germany's international political interest to see its net contribution dwindle a lot further—still less that the Germans should become net recipients of EEC funds. Other partner countries with manifestly weaker economies would clearly find the situation intolerable.

# WEST GERMAN TRANSFERS TO EUROPEAN COMMUNITIES BUDGET

(Figures in billions of DM)

	1976	1977	1978	1979
Gross transfer	7.1	9.1	9.97	10.9*
Receipts	3.6	5.4	7.5	—
Net transfer (A)	3.5	3.8	2.5	—
Net transfer (B)	3.7	3.2	2.1	—

Sources: Finance Ministry and Bundesbank. \* Estimate

In other words, if more money, for example, is to go to the EEC's regional and social funds—and the Germans say they want to see this happen—then it will have to be at the expense of other Community policies, not through an increase in the VAT take.

In the first place, according to the Finance Ministry, this means stemming expenditure on farm surplus production.

It is worth noting that the same point was made in a little reported speech late last year by Herr Schmidt's principal

West Germans find they are gaining so much benefit through operation of the CAP that moves for reform appear increasingly unwelcome. At first sight this might appear to be happening.

The table shows that, while West Germany's gross transfers to the EEC budget have been growing, so too have its receipts, primarily because of the operation of the CAP, particularly in the milk sector.

Thanks to a burst of farm payments from Brussels in the second half of last year, which

# LANCIA

The Financial Times apologises for any inconvenience caused to Lancia and their customers by the publication of incorrect prices of cars within the Lancia advertisement on Page 5 of certain editions of yesterday's newspaper.

Correct prices are:

**Beta Coupe range:**

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Coupe 1600 . . . . £5108.22

Coupe 2000 . . . . £5530.59

**Beta H.P.E., range:**

H.P.E. 1600 . . . . £5826.60

H.P.E. 2000 . . . . £6243.12

Prices include V.A.T. at 8%, car tax, inertia reel seat belts and delivery charges on U.K. mainland but exclude number plates.

# SKF

## Annual General Meeting

The previously published Group income statement and the consolidated balance sheet were adopted by shareholders at the annual general meeting of Aktiebolaget SKF held in Göteborg, Sweden.

An unchanged dividend of 4.50 Swedish kronor per share was approved.

During 1978 the Group's volume sales rose above the year's industrial growth average. Increased productivity in Swedish units, strong recovery in the steel sector, and maintained profit levels in the international market despite competitive pressure, were nevertheless main factors contributing to the improvement in Group earnings.

**Other products include textile machinery components, machine tools, fastening systems (e.g. circlips), sealing products, ball and roller screws, airframe and automotive components, and foundry products. Invoiced sales in this sector rose by 31%.**

Share of Group sales - 1978	Mkr	%
Rolling bearings	7,240	70.6
Special steel	1,470	14.3
Cutting tools	480	4.7
Other products	1,070	10.4

Figures include internal sales between product areas

**Continued rise in 1979**

The substantial upswing that marked the final three months of 1978 continued during January to March this year.

At 2,726 million kronor, Group turnover for the first quarter of 1979 was 22% higher than for the same period a year earlier. Sales increases for special steel and diversified products exceeded those in the rolling bearing and tool sectors.

Group operating income before depreciation was 315 million kronor (208 in 1977). Income after scheduled depreciation of 120 million (117) was 195 million (91). The Group's earnings before exchange differences, extraordinary items, provisions and taxes rose to 99 million kronor (14).

First-quarter profits from bearing operations improved despite losses in France and the UK. Continued gains moved the steel division into the black, while cutting tools yielded the highest profit levels of the main product areas.

Commenting 1979 prospects, Group Chief Executive Lennart Johansson said it had been a good first quarter for SKF. With April not at all bad, it looked as if the situation would continue giving hopes of a marked profit increase for 1979.

SKF Group Headquarters  
S-415 50 Göteborg, Sweden

Extracts from the year's results	1978	1977
(000,000 Swedish kronor)		
Net sales	9,533	8,004
Operating income after depreciation	543	430
Income before exchange differences, extraordinary items, provisions and taxes	207	156
Capital expenditure	442	757
Research and development	143	118

### Product areas

Rolling bearing operations of the European and Overseas bearing divisions and SKF Industries in USA, resulted in an increased turnover of 16% compared with 1977. Deliveries from the Overseas division sales companies which are divided into three areas — Asia/Pacific, Africa/Middle East, and Latin America — were favourable in all product lines.

Steel division (SKF Steel) turnover increased by 20% in 1978 to 1,470 million kronor. Sales from SKF Steel's Swedish based manufacturing units to customers outside the Group rose by 49% to 643 million kronor. This was greatly helped by the new sub-divisional structure which apart from strip, wire, ring and tube, also includes product divisions for couplings and workshop products.

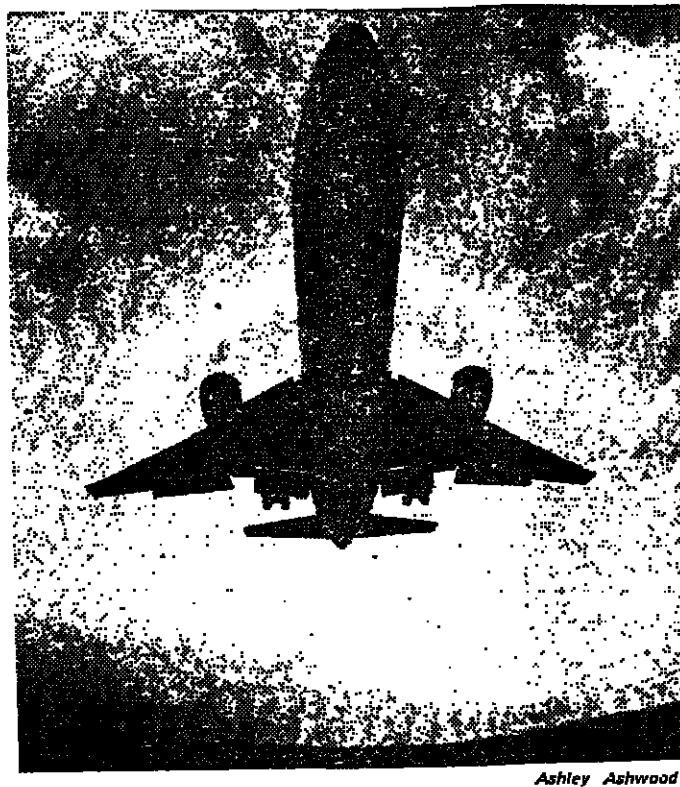
Cutting tool division sales showed a 23% increase over 1977. Operations mainly involve high-speed-steel twist drills, taps, dies and milling cutters from the subsidiary SKF Tools and Dormer Tools groups.



THE DC10 CONTROVERSY

A body blow for McDonnell Douglas

BY STEWART FLEMING IN NEW YORK



Ashley Ashwood

Damages will run into millions

BY DAVID LASCELLES IN NEW YORK

PERSONAL damages for victims of the DC-10 crash in Chicago are expected to run into hundreds of millions of dollars. But the precise sums awarded will depend to a large extent on whether the insurance hearings are held in Illinois, the state where the flight originated, or in California, its destination, and home of many of the passengers. The decision on venue will be made in the next two months by the Judicial Panel on Multi-district Litigation which sits in Washington DC. Lawyers for the victims hope the panel will settle for Illinois which has one of the country's most generous wrongful death laws in the U.S. Illinois allows damage awards for the pain and distress suffered between the moment passengers become aware of their impending death and the crash itself. In the Chicago crash, American Airlines was operating a DC-10 with a special video feature which projected the cockpit scene on to the cabin film screens. Lawyers are preparing to argue that passengers underwent extra suffering because they could see exactly what was happening on the flight deck. Lawyers are already predicting that awards will exceed

IN THE days immediately following the crash of the McDonnell Douglas DC-10 in Chicago aerospace analysts with several leading stockbroking concerns in the U.S. concluded that the disaster would probably not have a severe impact in the long term on the giant aerospace company's civil aviation business. The common view was that, once the cause of the disaster had been found and corrections made, the world's airlines would confidently continue purchasing DC-10's. Indeed, the Brazilian airline Varig announced new orders for five DC-10's days after the jet came down in Chicago killing all 372 passengers.

McDonnell Douglas it was argued, might find itself having to meet claims by relatives of dead passengers, the cost of repairs to other DC-10s if these proved necessary and losses by airlines whose DC-10s had to be taken out of service. But just what these costs might amount to would depend on the company's own insurance coverage and litigation. But as the weeks have dragged on since the jet came down on May 25 there has been a growing feeling that the problems the disaster poses for McDonnell Douglas could be much more severe. This has been reflected in the company's share price which was \$28½ the day before the crash \$25½ the first trading day afterwards, but by June 6 had slipped to \$21.

The grounding decision by the Federal Aviation Administration now raises a question mark over the basic design of the jet. So far there has been no sign of airlines cancelling DC-10s they have ordered. But the basic problem now facing McDonnell Douglas is to restore damaged credibility in the design of the aircraft. Until more is known about the technical problems which lay behind the Chicago disaster it is impossible to say what might be required to do this. McDonnell Douglas has pointed out that the cracks which have been found in the engine pylons have appeared only in DC-10 series 10 jets, and not in other versions of the aircraft. The company has angrily challenged the FAA grounding decision and Luftansa and Laker Airways have both strongly criticised the FAA's action as overreaction. Nevertheless, there must now be doubts about whether, ultimately, fundamental changes may be needed in the design of key parts of the DC-10.

For McDonnell Douglas as a company the disaster in Chicago is threatening to become a bodyblow to its future in the big commercial passenger jet since its long-term growth strategy hinges on the DC-10. Earlier this year Boeing, McDonnell Douglas's main rival, announced that it was proposing to build a new generation of 300-seat advanced jets for which it has already booked millions of dollars of orders. McDonnell Douglas, faced with the decision of competing directly with Boeing and spending billions of dollars to do so, decided that it would put its faith and its money on the DC-10, develop-



Mr. Sanford McDonnell, president of McDonnell Douglas.

ing new versions of the aircraft to carry up to 500 passengers. The company argued it could tap the vast new market for commercial jets in the 1980s which is widely predicted to run into \$100bn. It has yet to officially launch any of the stretched DC-10's. The problems now facing the DC-10 programme must also raise a question mark over its position as a rival to Boeing, Lockheed and Airbus Industrie. McDonnell Douglas's present course was set in 1967 when McDonnell Aircraft Corporation primarily a military contractor based in St. Louis, Missouri,

decided to acquire Douglas Aircraft the famous Californian-based civil aircraft producer which was struggling through a lean period. The rationale in part was that McDonnell wanted to diversify so that it would be less dependent on one major customer, the U.S. military establishment. In the wake of the merger McDonnell Douglas had to make the crucial decision of whether to compete with Lockheed and Boeing in the jumbo jet market and spend the hundreds of millions of dollars needed to develop a rival to the Boeing 747 and the Lockheed Tristar. Its decision was "yes" and the DC-10 programme was rushed ahead. Even though it got a late start behind Lockheed, McDonnell Douglas still succeeded in getting its first DC-10 off the production line a week ahead of the first Lockheed plane.

Although it has never made a profit yet on the DC-10, its strategy of building up its civil side appeared to be succeeding. By the end of last year half the company's \$60m of firm order backlog was non-military. In the year ended 1978 commercial aircraft sales revenues totalled \$970m out of total sales revenues \$4.3bn. Military aircraft sales were \$2.3bn and space system and missile sales were \$720m. In profit terms commercial aircraft recorded \$60m of losses. But the company has been hoping that by 1981-82 the civil side would be profitable, partly because it expects to reach the crucial target of 400 DC-10s sold and to have written off the heavy deferred costs of the DC-10 programme, \$374m of

which were still in its end-1978 balance sheet.

The contrast between the military and commercial sides of the business remains one of the most intriguing aspects of the company's policy. The McDonnell side of the organisation based in St. Louis has, for the past three years, been the leading military contractor in the U.S. Its reputation for technical excellence is unsurpassed having produced fighters like the Phantom which, after 20 years, is now coming to the end of its life after sales of over 5,000. The man who built the company James S. McDonnell is generally given much of the credit for its high reputation in the military field. Together with his two sons who are senior executives he controls 20 per cent of the shares, making the company something of a rarity because of the extent of family participation in a major U.S. corporation.

But observers still question whether, even 12 years after the merger the Douglas aircraft subsidiary which builds the civil jets has been fully integrated into the McDonnell Douglas corporation and whether this might in part account for some of the problems with the DC-10.

What is now clear is that unless the problems facing the DC-10 are quickly resolved to the satisfaction not only of the regulatory authorities but also to the satisfaction of the airlines and the passengers, the Chicago crash could force McDonnell Douglas into an agonising re-appraisal of the basic strategies it has been following.

Sir Freddie fights on two fronts

By Lynton McLain

SIR FREDDIE LAKER'S Skytrain terminals at Gatwick Airport were deserted yesterday. Sir Freddie himself was up in the corridors of air regulation power at the Civil Aviation Authority in London, fighting, characteristically, another battle for survival.

His meeting with the authorities was booked long before the DC-10 crisis. Sir Freddie had applied to the Civil Aviation Authority to have all the restrictions removed from his Skytrain services. This would transform Skytrain into a normal scheduled airline operator, able to compete on equal terms with the giants of the North Atlantic, including British Airways.

The Laker Airways (International) company had a profit of £1.48m and a turnover of almost £76m in the year to the end of March last year, a 50 per cent rise in turnover over 1977. But the success has tailed off in the last year.

Many of the big airline competitors have learned the lesson of the Skytrain success. They have hit back with a range of cheap fares, different classes with different features, and Laker Airways has started to feel the pinch, and is determined to fight back.

But just as Sir Freddie was getting into his stride in defence of his application for change before the CAA, on Wednesday he was told of the decision by the U.S. Federal Aviation Authority to ground all U.S. registered DC-10s.

He immediately grounded, voluntarily, his fleet of six The Laker DC-10s provide the backbone for Sir Freddie's approach to mass air transport. The aircraft serve the cheap, no-frills Skytrain operation, the advanced booking charter market and the inclusive tour market. The only other aircraft he has are two long range Boeing 707s and five British Aerospace 119s. His confidence in the DC-10 is undiminished by his decision to buy a further five, this time the series 30.

With the DC-10s grounded indefinitely, Laker Airways is losing £350,000 in revenue each day.

The airline was still working out yesterday whether it had any chance of claiming compensation. But it was thought unlikely that any would be forthcoming. The question is, how long can Laker go on with this drain on its revenue?

The FAA: under fire from friend and foe

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

If the Nuclear Regulatory Commission ever thought that it was in hot water because of its handling of the Three Mile Island accident, it should take a comforting look at what has happened in the last two weeks to the Federal Aviation Administration.

Virtually nobody, it appears, is happy with the FAA's performance over the DC-10. Consumer groups think it is too close to the industry it is supposed to regulate and cares too little about passenger safety. The aerospace industry believes it has panicked and wielded the grounding axe prematurely. In the course of the last year alone the FAA has been under fire

from the airlines, the pilots, the air traffic controllers and Congress. In a key sense, the root of the FAA's problems can be found in its mandate. It is a federal agency whose charter requires it simultaneously to regulate and foster civil aviation. It described its own multi-faceted functions in one of its recent annual reports as follows: "It issues and enforces orders, rules, regulations, standards and specifications; certifies airman, pilot schools, aviation, maintenance schools and repair stations; type-certificates aircraft, aircraft engines, propellers and aircraft components; issues operating certificates to airlines, air taxis, agricultural,

external load and airport operators." It also "provides grant-in-aid for the development and improvement of airports; and conducts research, engineering and development programmes calculated to improve its safety, air traffic control and environmental procedures." To do all this, the FAA operates on an annual budget of about \$2.5bn and a staff of some 54,000, of whom close to 26,000 are air traffic controllers. It has been in existence in its present form for just over 21 years and its chief is a political appointment. To a degree, its character can be shaped by its head, known as the Administrator. Mr.

Langhorne Bond, two years in the post, has spent a lifetime in transportation, with a major emphasis on aviation. His self-defined mission has been to improve the overall safety of domestic civil aviation and he has not hesitated on occasion to cause offence in the process.

The DC-10 case is by far the toughest problem he has faced to date. He has defended the successive actions he has taken—ranging from four groundings of the aircraft over a 13-day span to even seeking to block a court order issued on Monday night taking the aircraft out of service—as being based on the best available information at hand at a given time. Like many regulatory

agencies, the FAA is extremely dependent for hard information on the industry it covers. Aircraft inspection and maintenance, for example, is still principally performed by manufacturing and airline mechanics, certified by the FAA but by no means always acting under the FAA's direct supervision. On Monday night in San Francisco American Airlines mechanics discovered the new critical crack in the engine wing mounting of two DC-10s. But often in the past the FAA has been accused of being too complaisant in allowing the manufacturer and the operator of a commercial aircraft to work things out themselves with minimal interference.



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Alfa Romeo



OVERSEAS NEWS

Israel starts building new West Bank settlement

BY DAVID LENNON IN TEL AVIV

ISRAEL yesterday started building a new Jewish settlement on the occupied West Bank, immediately after seizing 200 acres of privately-owned Arab land.

Settlers and soldiers swarmed on to the site, minutes after the seizure orders were handed to the land-owners, apparently in an attempt to establish the settlement before the owners could obtain a court injunction against the take-over.

On Sunday, the Israeli Cabinet narrowly voted in favour of creating the settlement. Mr. Moshe Dayan, Foreign Minister, was one of those who opposed the decision.

He argued that land seizure was out of place at a time when talks were just getting underway with Egypt on the future of occupied territory.

The settlement—Elon Moreh—is being built on a hill-top one mile east of Nablus, the largest town on the West Bank. Many Israelis oppose the establishment of Jewish settlements in densely-populated occupied Arab areas, and the opposition Labour Party and the Peace Now Movement have denounced the new settlement.

Yasser's action was planned like a secret military operation. Bulldozers were lifted by helicopter on to the hill-top to level the site, while

other earth-moving machines began cutting a road up the hillside.

Tents were rapidly set up, and mobile homes were being brought in later in the day.

The operation was supervised on the site by Mr. Ariel Sharon, Minister in charge of settlements. A leading advocate of Jewish settlements in the occupied territory said that 1,000 people would inhabit the settlement in the first stage.

Meanwhile, the Israeli Foreign Ministry announced that direct telephone and telex lines have been set up linking Jerusalem with the Egyptian Foreign Ministry in Cairo.

Egyptian reshuffle expected SOON

By Roger Matthews in Cairo

AN EGYPTIAN Government reshuffle is expected in the next few weeks after yesterday's voting for a new Parliament. Mr. Mustapha Khalil, the Prime Minister, is almost certain to be asked to continue in his job, but President Anwar Sadat also wants to bring three new faces into the Cabinet to demonstrate that the era of peace is being accompanied by a determined drive to raise the living standards of most Egyptians.

Sadat victory

The bulk of the election results, which are certain to show a massive victory for Mr. Sadat's National Democratic Party, should be announced by later today.

In constituencies where the leading candidate fails to achieve 50 per cent of the vote plus one, a run-off will be required next Thursday.

Over 1,600 candidates were contesting the 332 seats at stake with Independents forming by far the largest bloc. Although there has been only limited debate because of an official ban on a range of issues, some contests have developed into personality clashes that might offer some guidance to public attitudes.

Mr. Khalil yesterday concentrated on one of the officially banned topics—the peace treaty with Israel—when he held talks with Mr. Josef Burg, Israel's Interior Minister. The two men will be heading their countries' delegations in Alexandria next week when negotiations resume on the meaning of autonomy for Palestinians living on the occupied West Bank of the Jordan and in the Gaza Strip.

Procedural issues

Their talks centred on procedural matters and there was no immediate evidence that outspoken remarks by Mr. Menahem Begin, Israel's Prime Minister, to a party meeting on Wednesday, had embittered relations. Mr. Begin said that if a Palestinian administrative council, set up as a result of the negotiations, should ever attempt to declare an independent state, it would be crushed immediately and military rule would be re-established.

Supermarket deal

LNDE, the West German plant, engineering and construction group, has agreed to supply a prototype meat and dairy products supermarket to Moscow and is negotiating to build a string of the shops throughout the Soviet Union.

Linde has already built 78 fish supermarkets, known as Gzean, in the USSR

John Hoffmann reports on a restless, underprivileged class China's growing army of jobless



Some of the lucky ones: Smiling workers at Anshan. But 4m of their compatriots are less fortunate.

"THE CHINESE constitution guarantees everyone the right to work. Therefore, there can be no unemployment in this country."

That assertion, made by an earnest, well-educated, middle-level Chinese official, would give little comfort to the estimated 4m of his countrymen who have no jobs and no income.

The word "unemployment" has been removed from the official vocabulary, which does concede that a number of people are "awaiting assignment."

"We do not regard these people as being jobless," the official said. "They will be given work when places become available."

Meanwhile the growing army of those "awaiting assignment" has created a new restless and underprivileged class confused by the fear that China's modernisation programme is leaving them behind.

When things are bad in China the bureaucracy tends to describe them as "fairly good."

Any public acknowledgement of a problem suggests that the leadership is deeply disturbed—and that is probably true in the case of unemployment.

The official newspapers have carried several articles in recent weeks commenting on programmes to create jobs in several provinces.

In a surprising disclosure that unemployment has been a long-standing issue, the People's Daily said this week that 500 factory workers had been laid off in Nanjing, Jiangsu Province, in 1983 because of "simplified production processes."

Some of them, still without regular work, had organised a "labour service station" to provide men for odd jobs such as loading trucks and maintaining buildings.

In Fuzhou, Fujian Province, more than 3,000 "social idlers" were being kept occupied in mending pots and pans or carrying sacks of coal, the newspaper said.

The employment problem is probably at its worst in Shanghai, China's biggest city, where industrial expansion is not fast enough to provide jobs for a growing population of more than 10.7m.

There, the plight of the "1977 Graduates" is a pertinent illustration. Although municipal authorities will give no figures, it is believed that almost all the students who completed their secondary education in 1977 and 1978 are still "awaiting assignment."

Supported by their families, they spend much of their time in an aimless parade along the Shanghai waterfront or in frustrated examination of the shop windows that tempt them with displays of fashionable clothes and consumer goods.

They talk freely to foreigners, often with some anguish, about their situation, practising the languages they have learned at school and hoping to fill in an hour or two as unpaid tourist guides.

"You know about our '77 Graduates?" asked one, who had hoped his English studies would eventually win him a job as a translator. "None of the people in my class has worked since we left school in 1977."

Some unemployed school-leavers pin their hopes on an experimental "replacement scheme" under which they will take over the jobs of parents who retire from the workforce.

Shanghai authorities are trying to devise programmes to occupy the young unemployed. Semi-official street committees organise community service teams to sweep streets or do other labouring work.

Others are drafted into neighbourhood collectives producing handicrafts and simple commodities, for a wage of 50 yuan (\$12) a month. Some are hired by the day for a few cents to watch for pickpockets in crowds.

The problems of the cities are compounded by the illegal return of thousands of young people who were re-located during Mao's "Youth to the Countryside" programme.

About 100,000 of them are now swelling Shanghai's unemployed. Because of the intricacies of red tape, these people cannot be officially recognised. They are registered as country residents and have no status in the city.

They do not qualify for food ration cards and could not be assigned work even if jobs were available.

Many of his classmates were bright enough to qualify for university entrance but the universities, still recovering from years of closure during the Cultural Revolution, could not absorb them.

Most can now hope only for a factory job. But when? "Perhaps not for years. Factory staffs are strictly limited and vacancies are rare.

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The Chinese leadership seems to have given up the compulsory resettlement of young people, but the rising unemployment problem may force a resumption of the practice.

Japan to consider further energy cuts

BY RICHARD C. HANSON IN TOKYO

THE JAPANESE Cabinet will consider further steps to reduce energy consumption at a meeting due to be held on June 15.

But it is not yet ready to cut oil supplies to the industrial sector, which accounts for about 70 per cent of consumption. Mr. Takehiro Sagami, Vice-Minister of Finance for International Affairs, said yesterday.

The Government was concerned by a sharp jump in demand for oil in May of 8 per cent after small increases from January to April. Mr. Sagami added. There appeared to be some stockpiling going on.

The Government was maintaining its policy of expanding the domestic economy, and would try as far as possible to avoid disrupting industry. But if inflation picked up sharply,

it would have to change its monetary policies.

The Diet (Parliament) finally passed a Bill introduced last spring concerning rationalisation of energy use.

The Bill authorises the Minister of International Trade and Industry to draw up guidelines for energy use in industrial plants, construction, and for housing and office buildings, cars and electric appliances.

Reuter adds from Tokyo: Japan's international Trade and Industry Ministry believes a French proposal to apply a ceiling to import-prices of crude oil by advanced industrial nations is impractical.

The proposal, said to have been put to Mr. Masumi Esaki, Japanese Minister of International Trade and Industry, in Paris, may be submitted to the Tokyo economic summit.

Mille grazie, Stirling

"The Alfa Romeo Alfetta 2000 is outwardly just another saloon. Yet even the name is a clue: the car inherits its title from the almost unbeatable, super-charged Grand Prix Alfa single-seaters which, though designed before the war, went on to win four World Championship series during the late Forties and early Fifties. The Alfetta 2000 possesses thoroughbred virtues too: the engine is the classic twin overhead-camshaft Alfa Romeo design, and the clutch and the gearbox are mounted at the back, next to the differential, to improve the car's weight distribution and handling.

Other details also give away the car's pedigree. The steering-column angle is adjustable, to give you the driving position you want. All the controls are easy to reach, and a full set of deeply-nacelled instruments faces you from behind the neat three-spoke steering-wheel: rev-counter, water temperature gauge, oil pressure gauge, fuel gauge, speedometer and clock. The pedals are well positioned for heel-and-toe gear changes, aided by a good-sized lever for selecting whichever of the five well-balanced ratios you want.

The twin-cam engine is very willing to provide the performance which the car's pedigree cries out for. Its noise level goes up with speed, but all the noises are healthy mechanical ones, and the overall level is still quite subdued. Road noise is very low, and the suspension is firm without being harsh. It handles beautifully and the car simply begs to be driven hard and quickly.

There are one or two snags: when I tested the car the brakes were good to begin with but they tended to fade rather quickly. And while the Alfetta is a neat and compact car, the turning circle is disappointingly large. In the wet, the wipers seemed to keep the passenger's side of the windscreen clearer than the driver's—perhaps a consequence of the original design being for left-hand drive. However, these points apart, the Alfetta is a super car, immensely enjoyable to drive, and well worthy of the honoured Alfa name. So long as makers with this kind of experience go on producing cars with this kind of character, then we'll still be able to enjoy sports-car driving, even when the traditional sports car itself finally fades into the past."



Alfa Romeo

Stirling Moss  
Motoring Correspondent of Harper's & Queen Magazine



AMERICAN NEWS

Brazil spends \$5bn on 'gasohol' cars

BRASILIA—Brazil will invest \$5bn up to end of 1985 in its national "gasohol" programme, converting 1.675m cars to run on 100 per cent alcohol, the Government announced on Wednesday.

There are an estimated 7m cars in Brazil, with 1m cars being produced annually. Of the projected alcohol-powered cars, 1.2m are to be produced by such Brazilian manufacturers as Volkswagen, Ford and Fiat. Of cars already on the road, 475,000 are to be converted.

After a meeting in Brasilia on Wednesday, the Government released guidelines for its energy programme, giving "the highest priority" according to a Presidential spokesman, to "Proalcool," a national programme for converting sugar

cane and other plants into petrol, diesel, oil and other oil products.

The guidelines state that Proalcool will be adjusted to absorb the increase in Brazil's petrol consumption up to the end of 1985.

According to Sr. Camillo Pena, the Industry and Commerce Minister, Brazil's next sugarcane crop will yield about 900,000 gallons of alcohol—more than twice the amount produced in the 1977-78 crop year. Sr. Pena said Proalcool aimed to raise this figure to 2.7m gallons by 1983.

Sr. Pena said alcohol is being mixed with petrol at varying levels at pumps throughout Brazil, with a national average of 15 per cent. He said another aim for the programme by the

end of 1985 would be a 20 per cent alcohol mix for cars not equipped to burn the 100 per cent alcohol fuel.

The Government's announcement confirmed statements made here on Tuesday by Sr. Aureliano Chaves, the Vice-President, that Proalcool would be given even greater priority than Brazil's nuclear programme, which is based on a 1975 agreement with West Germany and which calls for eight 1,300-MW pressurised water reactors to be built. Diana Smith adds from Rio de Janeiro: Brazilian inflation eased to 2.3 per cent in May, an improvement on the April rate of 3.5 per cent and less than half the March figure of 5.8 per cent which led the Government to reduce public and private spending. The May

figure produced an annual rate of 45.7 per cent.

But the soaring price of imported oil—Brazil imports 900,000 barrels a day, 10 per cent more than in 1978—is forcing the trade balance deeper into the red, despite satisfactory growth in exports.

By the end of April, the deficit reached \$438m, \$94m more than April, 1978, and \$23m more than March, 1978. Oil cost \$460m; 37.7 per cent of total April imports of \$1,220m. The oil bill was \$143m higher than in April, 1978, almost cancelling out a \$180m increase in exports for the month, compared with 1978. Expenditure on imported oil for this year has been reassessed and the latest estimate has risen to \$7.5bn. AP



Mr. Brzezinski power struggle

Moving mountains at the Summit

By Alan Friedman

WHEN President Jimmy Carter travels to Vienna next week, he will be carrying a rather hefty briefcase. He will have to prepare to do far more than merely sign the SALT II treaty. As a result of a series of U.S.-Soviet consultations over the past few weeks, both President Carter and Mr. Brezhnev will expect to discuss a wide variety of subjects of mutual interest. In the particular field of arms control and disarmament, there are two major negotiations to be discussed which have long been hidden from the public's view. These are the Mutual and Balanced Force Reduction (MBFR) talks between the NATO and the Warsaw Pact and the bilateral U.S.-Soviet conventional arms transfer (CAT) talks.

The CAT negotiation has been one of the most obscure and least known channels of U.S.-Soviet detente. The Russians have one ambassador-at-large who handles both the CAT talks and the better known Indian Ocean negotiation. The latter is dormant now. In Washington, the U.S. chief delegate has been Mr. Leslie Gelb, the director of the State Department's bureau of politico-military affairs. Mr. Gelb, who has suffered many frustrations over CAT and tangled severely with Mr. Zbigniew Brzezinski, the President's assistant for national security affairs, is resigning this month.

Transfers

The subject of the CAT talks is the limitation of transfers of conventional arms (everything from machine guns to fighter aircraft) by the so-called supplier countries. The U.S. and Soviet Union have met in four rounds since December 1977. The first two rounds (in Washington and Helsinki) were spent in developing an agenda and in developing working groups for the growing delegations. At the third round (held in Helsinki in July 1978) there was agreement on the more important goal of establishing regional arms restraint regimes. In these regions, the U.S. and Soviet Union would agree not to supply certain types of weapons. They would then seek the cooperation of other suppliers and recipients. This seemed a difficult goal, but it was further complicated by the failure during the fourth round (held in Mexico City in December 1978) to agree on which regions should be discussed.

Paralysed

The Washington Post reported a serious bureaucratic power struggle during this last round, in which Mr. Brzezinski virtually paralysed his chief delegate, Mr. Gelb, who threatened to resign. The issue was whether the U.S. would be ready to listen to Soviet proposals on certain regions of the world. Mr. Gelb was instructed to walk out of the talks if the Russians tried to raise them formally. The entire principle behind the negotiation was lost in a plethora of cables between Mr. Gelb and the White House about which regions could be discussed. By contrast the MBFR talks are a much more entrenched and long-running enterprise than CAT. MBFR was originally intended as an answer to former Senator Mike Mansfield's perennial complaints about bloated U.S. forces abroad, but after five years the negotiation has turned into a technocratic shouting match. The main issue in MBFR concerns a reduction agreement in which both the NATO and Warsaw Pact sides would agree to some troop withdrawals from Central Europe. In 1975, the U.S. added a "sweetener" proposal which offered to trade nuclear warheads for Soviet tank armies. The Russians never acknowledged this offer. A recent high-level Soviet approach to the U.S. indicates considerable interest in an early first-stage U.S.-Soviet reductions agreement. There has been intensive discussion between the two countries over the past two months and the Kremlin seems to have authorised major concessions for the sake of progress. The U.S. response to the Soviet initiative has been extremely non-committal. There are advocates of a high-level answer at the SALT II summit in Vienna. There are also committed opponents to the whole MBFR negotiation. In Washington, military staff and intelligence staff interests argue vociferously against any troop reduction, no matter how small.

Wholesale price index rises by only 0.4%

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

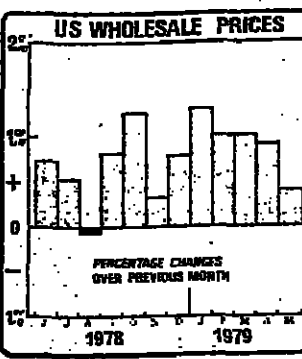
THE AMERICAN consumer could gain some relief from double-figure inflation during the summer. The wholesale price index for May, released yesterday, showed only a 0.4 per cent rise from April, the smallest monthly increase since last August.

This was almost entirely because of a 1.3 per cent fall in the food component of the producer price index for finished goods. Moreover, the sub-indices covering the price of food products at intermediate and crude stages of processing also presage a fall in prices.

The fall in food prices, continuing the improvement first evident in April, was the steepest in over three years. Prices fell across the board, led by sharp declines in the cost of beef, veal, pork, eggs and vegetable oil.

Before April, food prices had been going up at about 1.5 per cent a month, while the overall index before May had risen in the first four months of this year at an annual rate of over 13 per cent.

The relief, however, was principally confined to food, and elsewhere in the economy inflation is still proceeding apace. Excluding food, the finished goods index went up by 1 per cent in May, a little less than



the 1.3 per cent of April consumer non-durables, spurred by the spiralling costs of petrol and domestic heating oil, rose by 1.6 per cent in the month. The third consecutive sizable advance, with petrol alone going up by no less than 4.2 per cent.

The consumer durables index advanced by 0.7 per cent, 0.2 per cent under the April rate, largely because of softer new car prices.

The volatility of the food sector means that the Administration will be hard pressed to claim that the latest figures demonstrate that its battered anti-inflation policies are starting to work. However, any relief in the inflationary storm is bound to be welcome.

Fed votes on state bank branches

By David Lascelles in New York

THE Federal Reserve Board is due to vote today on proposals to make it easier for certain types of U.S. financial institutions to set up branches across state lines. At the moment, U.S. banks may open branches only in one state, though they may open non-banking offices outside their base states.

The proposal would enable so-called Edge corporations owned by banks to operate branches across state lines. These corporations, named after the Edge Act of 1919, are confined to accepting and lending funds connected with foreign trade, and must have capital of at least \$2.5m.

If approved, the Fed proposal would open the way for interstate branching. Activities would be confined to financing connected mainly with foreign trade, though in what proportions has yet to be decided. No additional capital would be required, but banks would only be able to own such branches through a specially chartered subsidiary.

Impetus for the reform came from the recent invasion of foreign banks able to take advantage of a loophole in the law to open branches.

Last year's International Banking Act, which tried to close some of the loopholes, also instructed the Fed to come up with proposals for allowing domestic banks to compete on more equal terms.

Martial law as Somoza calls up reserves

MANAGUA — President Anastasio Somoza yesterday declared martial law and began calling up army reserves to fight Sandinista guerrillas who are in action against the National Guard in five cities and are holding Leon, Nicaragua's second-largest city.

A column of Somoza's troops led by tanks failed to break through guerrilla lines yesterday to relieve the embattled garrison at Leon, 54 miles north-west of Managua. The troops fled back to the capital

and he guerrillas sent out a commando force to earth-mover a trench across the Leon-Managua road. An estimated 400 guerrillas of the Sandinista National Liberation Front were reported to be in control of Leon, a city of 205,000 people.

Reports from the northern city of Matagalpa, the scene of heavy fighting during the Sandinista uprising last year, said guerrillas blew up a bridge at the edge of town and after a day of heavy fighting claimed to have driven the National

Guard garrison back into its headquarters. A Red Cross official in Masaya, 35 miles south of Managua, said heavy fighting was continuing there and the rebels appeared to have control of all of the city except for two Government command posts. Fighting also was reported in the southern cities of Jinotepé, Diriamba and Chichigalpa.

Hugh O'Shaughnessy adds: A further devaluation of the Nicaraguan cordoba is forecast in the Central American business weekly *This Week*. The

weekly says that the April devaluation from seven to 10 to the U.S. dollar did not fully reflect the weakness of the currency which is selling on the Managua black market at 13 to the U.S. dollar.

Sr. Diego Uribe Vargas, the Colombian Foreign Minister, has said the countries of the Andean Pact, Venezuela, Colombia, Peru, Ecuador and Bolivia would send military aid to Costa Rica if it were invaded by the Nicaraguan National Guard, as General Somoza threatened last week.

ERGO

From the statement by the Chairman Mr. H. F. Oppenheimer

After earning revenue of R22 459 000 from sales of gold and silver and R23 301 000 from sales of uranium oxide, sulphuric acid and sulphur (in pyrite), the company made an operating profit of R18 049 000 in its first full year of operation. Interest amounting to R1 773 000 was payable on loans, but this sum was offset to a slight extent by net sundry credits of R189 000. Taking these items into account, together with the loss of R881 000 brought forward from the previous year in which there was only one month of limited production, the profit available for appropriation amounted to R15 584 000, equivalent to 39 cents a share. No tax will be payable for some years because there is a computed assessed loss of R148 821 000 arising mainly from tax allowances for capital expenditure incurred in establishing the project. As forecast by the directors in the prospectus issued in July 1977, a maiden dividend of 25 cents a share was declared. This absorbed R10 000 000 and a further R5 000 000 was appropriated for capital expenditure, leaving retained profit of R584 000 to be carried forward into the current year.

As at March 31 1979 shareholders' funds totalled R120 480 000 compared with net expenditure on mining assets amounting to R140 972 000. The difference was financed primarily by borrowings of R12 230 000 from Anglo American Corporation and by import finance of R5 855 000. Particularly while interest rates are relatively low, the company will continue to avail itself of loan finance but on a reducing scale.

Operations

After production of the first uranium on February 25 1978, sulphuric acid production from the 1 000 tons a day acid plant started on March 14 and the first bar of gold was produced on April 11. Production of oleum and acid from the 500 tons a day acid plant started on May 5. During the year under review, 16 251 000 tons of slimes were treated in the flotation plant, and the output of marketable products was 3 744 kilograms of gold, 157.9 tons of uranium oxide and 330 000 tons of sulphuric acid and oleum. Working costs amounted to R26 795 000, equivalent to R1.65 per ton of slimes treated. This was slightly above budget largely owing to an increase in the labour force and the employment of engineering contractors to assist our own staff during the year. Members will recall my referring last year to teething problems encountered during the commissioning of the plant, and subsequent quarterly reports also indicated the difficulties being experienced. Although, taken individually, the failures of items of plant and equipment could be regarded as not serious in themselves, the incidence of failures was high and caused disruption to plant throughput, with a cumulative adverse effect on production. Consequently, the company did not reach its target output of gold and sulphuric acid by the end of the year, although planned uranium production was achieved in September and exceeded in April.

The general manager's report deals with these problems at some length and I do not intend repeating the comments recorded. It is worth saying however, that the rapid expansion of mining in South Africa and the considerable innovation which has taken place have stretched the resources of experienced personnel needed to undertake sophisticated projects. This situation, combined with a decline in the quality of some local and foreign manufactured items of equipment, has resulted in prolonged commissioning periods on some major projects. Ergo was one of these and as the year progressed and tonnage throughput increased towards rated capacity, various defects became apparent. Numerous modifications and replacements of equipment have been necessary to bring the plant to the required level of efficiency and reliability. Although certain modifications are still being implemented, it is pleasing to record that there has been a noticeable improvement in operations in March and April and there are definite signs that the plant is beginning to settle down.

Sulphuric acid market

Although our company is known primarily as a producer of gold and uranium, sulphuric acid makes a significant contribution to the company's revenue.

By far the largest part of South African sulphuric acid production is used in the manufacture of fertilisers, with much lesser amounts being used in extractive metallurgy, primarily in the uranium industry, and the balance in other industrial applications.

Consumption of fertiliser in the local market is markedly cyclical. Furthermore, stocks of acid held by fertiliser manufacturers are deliberately kept low mainly because of the problems of storing acid in bulk. The combination of these factors gives rise to major swings in acid demand reflecting demand for fertiliser. From time to time this results in an unbalanced supply/demand situation which required close co-operation between producers and consumers.

Personnel

The engineering and equipment problems experienced by Ergo were aggravated by a greater degree of operational shortcomings than expected. Notwithstanding the fact that the Ergo project came on stream during a period of recession in South Africa, there was a serious shortage of the required calibre of skilled and experienced operating staff from foreman level downwards available for recruitment. Nevertheless, when we built up our labour force towards the end of 1977, we believed that the men recruited as senior operators and operators would be effective following a thorough period of training. It was also expected that, with the high level of unemployment, the labour force would be reasonably stable and motivated to do well. This proved not to be so, and throughout the year there was a very high level of absenteeism and turnover. At the time of writing, only about 20 per cent of the original black operating staff are still in service. No doubt the frequent disruptions in operations contributed to some instability among employees, and it is worth noting that turnover and absenteeism have shown an improvement during March and April, coinciding with more settled operating conditions.

There are, however, other factors contributing to instability in the labour force. While black recruits for operating posts have had the capability of assimilating training, many of them lacked industrial experience and, furthermore, have shown a strong dislike for continuous shift work. However, I have no doubt that it will be possible to establish a loyal and effective work force and we must take whatever action is possible and sensible to achieve this. With this objective, the company has completed a further review of terms and conditions of employment with particular regard to operating categories, and training programmes are being intensified.

During the year there was a significant increase in the work force and, after an intensive review of requirements for each aspect of the operations, it is clear that the number of employees required for efficient operation was initially underestimated. Our experience has revealed the need for additional supervisory and operational posts as well as to carry a greater surplus of labour to allow for training to proceed on a continuing basis and to take account of the higher than expected turnover.

Prospects for the current year

Production in March was the highest achieved during the past financial year, with the exception of uranium output which was temporarily affected by relatively low recovery in the solvent extraction plant. The problem was resolved before the end of the month, and output of all marketable products in April was a record for the company. Gold and acid production is not yet up to expectation, but we are looking to a continuing improvement during the current year in which targets have been set at 5 500 kilograms of gold, 200 tons of uranium oxide and 450 000 tons of sulphuric acid and oleum. Accordingly, assuming that the gold market remains firm, there is every reason to believe that at least 50 cents a share will be distributed in dividends in respect of the current year.

The annual report and Chairman's statement may be obtained from Charter Consolidated Limited at P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ or 40, Holborn Viaduct, London EC1P 1AJ. The annual general meeting of members will be held at 44 Main Street, Johannesburg on Friday, July 20 1979.

**East Rand Gold and Uranium Company Limited**

Consumer credit up

BY OUR NEW YORK CORRESPONDENT

DESPITE the signs of an economic slowdown, U.S. consumers continued to borrow heavily in April. According to the latest consumer credit figures released by the Federal Reserve Board, debt increased by a net \$4.1bn, the highest rate this year, and only slightly below last December's \$4.4bn.

However, the Fed calculated that if this rate persists the annual rate of debt increase will be around 17 per cent, slightly below last year's 19 per cent when the economy was still surging ahead.

The latest figures, however, contain signs of slackening consumer demand. Consumers increased their borrowing by a smaller amount than in March (\$25.5bn to \$26.7bn). But there was a net increase because they also cut back their repayments (from \$22.9bn to \$21.7bn).

Oil and gas finds in Venezuela

VENEZUELA'S \$175m offshore quest for light oil is beginning to show the first signs of possible commercial oil and gas deposits, following eight months of drilling in Caribbean and Atlantic waters, Kim Foad reports from Caracas. While drilled at the Western and Eastern extremes of the coastline last week tested 2,200 barrels a day of 31 gravity crude and 700,000 cubic metres of natural gas respectively.

**Elson & Robbins**  
 (PVC foam • Spring units • Products for domestic appliance industry  
 Heating and ventilating products • Partitioning)

**INTERIM REPORT**

Comparative results (unaudited)	Six months to 31.3.78	Six months to 31.3.78	Year to 30.3.78
	£	£	£
Turnover	9,551,647	8,694,140	15,838,679
Group profit before taxation	949,866	935,538	1,660,198
Less Taxation	458,511	444,703	451,355
Group net profit after taxation	491,355	490,835	1,208,843
Attributable to minority shareholders	7,038	11,269	12,493
	484,317	479,566	1,196,350
Earnings per share	7.31p	7.23p	—
Interim dividend per share	1.509p	1.351p	—
Interim dividend per share with associated tax credit at 33% (34%—1978)	2.252p	2.047p	—
Interim dividend paid by the Company to its shareholders	£99,594	£89,166	—

Note—Corporation Tax has been charged at the appropriate rates on the profits of the Group.

**Statement by the chairman, Eric R. Keeling**

- The Group position at the half year stage is both satisfactory and in line with our programme of development.
- If the nation had not been troubled with the lorry drivers strike this winter, our achievements would, I am sure, have been better.
- I am able to re-confirm my comments of the 6th December 1978, that, should there be no serious deterioration in the economic climate, we will continue to maintain and strengthen our position.
- Dividend Warrants will be payable on the 20th July, 1979 to members registered at the close of business on 22nd June, 1979.

7 June, 1979

New Issue April, 1979

This advertisement appears as a matter of record only

**Philips International Finance S.A.**  
 Luxembourg

**FLUX 500,000,000**  
 8% Luxembourg Franc Bonds of 1979/89

Unconditionally and irrevocably guaranteed by  
**N.V. Philips' Gloeilampenfabrieken**  
 Eindhoven (Netherlands)

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Banque Internationale à Luxembourg  
 Société Anonyme

Banque Générale du Luxembourg  
 Société Anonyme

Kreditbank S.A. Luxembourgeoise

Caisse d'Epargne de l'Etat  
 Luxembourg

Compagnie Luxembourgeoise de la Dresdner Bank A.G.  
 Dresdner Bank International

Banque de Paris et des Pays-Bas  
 pour le Grand-Duché de Luxembourg  
 Société Anonyme

Crédit Industriel d'Alsace et de Lorraine  
 Luxembourg

Société Générale Alsacienne de Banque  
 Luxembourg

Banque Commerciale  
 Société Anonyme

Banque de Suez-Luxembourg  
 Société Anonyme

Crédit Lyonnais  
 Luxembourg

Jeffries



هنا في الأندلس

A computer could in moments count the 15,000 people who work for IBM in Britain, but never spare a second's thought for the personal aspirations of each one.

**No**

It could easily calculate the money they earned, but never consider for a moment the rewards of job satisfaction.

**computer**

It could print out all the words of this advertisement

**could**

in the time it takes to read a line, without so much as a glimmer of feeling for the sentiment behind it.

**have**

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So we have developed a management system around our most important resource.

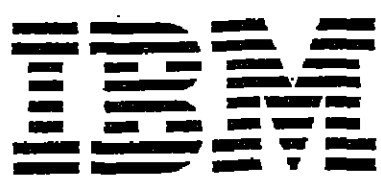
**ad.**

One that gives every person the freedom to air ideas and the encouragement to do so.

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### Netherlands identifies export priorities

By Charles Batchelor in Amsterdam

THE NETHERLANDS plans to designate a number of priority countries each year on which to concentrate its export support programmes—11 have been chosen for special attention in 1979-80.

Mr. L. M. Overmars, the Director of the Economics Ministry's Export Promotion Service, said in its first year of operation the programmes will aim to stimulate trade with Kuwait, Saudi Arabia, Indonesia, Japan, Malaysia, the Philippines, Canada, Mexico, Venezuela, the U.S. and the Ivory Coast.

They will be organised by the Export Promotion Service and by the Netherlands Centre for Trade Promotion, a private organisation supported by and working for Chambers of Commerce in the Netherlands and abroad.

This represents a further development of the export promotion services priority system under which about 40 non-EEC countries are considered worthy of special attention by Dutch exporters.

Studies will be made of markets in the designated countries to see if they present openings for Dutch exporters, while support and subsidies will be offered to encourage Dutch businessmen to penetrate these markets.

### French to discuss sales of computers to Soviets

BY MAX WILKINSON

CIH-HONEYWELL-BULL, the leading French computer company, is to hold talks with the Soviet Union in September which it hopes will lead to substantial contracts for knowhow and equipment.

Among the possibilities likely to be discussed are the building of Russian computers under licence from CIH-HB, and the provision of a network of communicating machines for the Soviet Ministry of Trade.

It is generally believed in the West that the Russians are becoming worried by the rate at which their data processing capability is falling behind. Some estimates are that the indigenous Russian computer industry is between five and 10 years behind that in the West.

However, a recent comparison of Russian and U.S. integrated circuit products have shown that some advanced circuits from the two countries are remarkably similar.

A spokesman for CIH-HB said that talks between France and the Soviet Union had so far been at a fairly general level. Both sides will now draw up detailed proposals for discussion in September.

The French electronics industry has recently been very

active in pursuing business in the Soviet Union. In March, Thomson CSF, the French telecommunications group won a \$100m contract for supplying telephone equipment and for helping to set up a factory to manufacture computer-controlled exchanges in the Soviet Union.

In the past licensing deals between Western companies and the Russians have often not been very profitable for the West. It is likely therefore that CIH-HB will insist that any exchange of knowhow should be backed by some reasonable guarantees that orders for hardware will follow.

### Arabs agree on aircraft purchasing

By Rami G. Khouri in Amman

FIVE OF the fastest-growing Arab air carriers have agreed to purchase the same aircraft model to replace their ageing fleets and meet the anticipated traffic growth of the next decade. This was revealed here during this week's second annual Middle East Civil Aviation Conference (MECACON) by Mr. Ali Ghandour, chairman and president of the Jordanian state-owned airline, Alia.

Mr. Ghandour said Alia, Middle East Airlines of Lebanon, Kuwait Airways, Saudia and Gulf Air had agreed to buy the same kind of wide-bodied jets. He added that they could decide on which aircraft to buy as soon as the first week of July, during a meeting of the five companies in Bahrain.

The first collective purchase of aircraft would amount to at least 25, Mr. Ghandour said. Under consideration are wide-bodied jets manufactured by Boeing, McDonnell-Douglas, Airbus Industrie and Lockheed.

The five airlines have also signed an agreement to increase Alia's non-stop Amman-New York route into a consortium under which non-stop flights to New York would also operate from the other Arab capitals.

### Japanese offer to build steel complex for Mexico

BY LORNE BARLING IN ZURICH

AS PART of an effort to secure supplies of high quality oil from Mexico, Japan is offering to build a multi-million dollar industrial complex on the Mexican Pacific coast and a pipeline to accommodate tankers on the eastern oilfields.

Details of discussions between the two countries emerged here at a conference being held by the Japan Institute for Social and Economic Affairs.

It was pointed out during the conference that Japan is pursuing a policy of diversifying its oil supplies away from Middle Eastern countries which now meet 60 per cent of total Japanese energy requirements.

Although negotiations with Mexico are at an early stage, President Lopez Portillo, who visited Tokyo recently, has given the go-ahead for a feasibility study on the industrial complex.

This would involve the expansion of a steel mill at Las Truchas, construction of a forging and casting mill, and steel plate manufacture. The Japanese companies involved in talks are Nippon Steel, Kobe Steel and Sumitomo Metal Industries.

Although the Mexicans have made it clear that they would finance the industrial project out of oil revenues, the more ambitious pipeline plan is seen

as an opportunity for Japanese banks to provide loans.

It is also apparent that should such a pipeline be built, heavy investment would be needed for a deepwater port to accommodate tankers on the Pacific coast.

The total cost of the various projects under discussion has yet to be established because of uncertainty about the capacity of plants and the size of the pipeline.

Japanese banks have already offered cheap credit, understood to be \$500m, to the Mexican national oil corporation, Pemex, although this is said to be unrelated to the industrial development.

The head of Pemex, Sr. Jorge Diaz Serrano, is expected to visit Tokyo later this month for further discussions which may bring the two sides close to an agreement.

However, Japanese negotiators are faced with strong competition for investment in Mexico as the oil-hungry nations, most notably the U.S., vie for a share of the output.

Although Mexico is likely to charge a high price for its oil, Japan is clearly prepared to pay the premium in one form or another—cheap loans or industrial aid on terms which competitors may find hard to match.

Japan accepts that the U.S. is likely to take a large share of Mexican oil, if only because of its proximity, but it hopes itself to import as much as 200,000 barrels a day from Mexico by the end of next year.

### BL optimistic on U.S. luxury car market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAGUAR ROVER Triumph, the BL specialist car subsidiary, expects to regain lost ground in the U.S. next year, and sell about 45,000 cars worth around \$450m.

This would represent about a quarter of both output and turnover figures which illustrate the importance of this particular export market to JRT.

Last year unit sales in the U.S. fell from 68,371 in 1977 to 47,855 mainly as the result of

the loss in output of TR7 sports cars when production was switched from Speke to Coventry.

The TR7 is about to be relaunched in the U.S. and will offer a convertible version. JRT executives estimate this market could take up to 25,000 if the TR7 in its new form is as successful as first indications suggest.

This autumn JRT will also

launch the TR8 which uses a version of the Rover V8 engine in the U.S. All TR7 convertibles will be sold in the U.S. and it is still possible that the TR8 also will not be offered in the UK but remain an export only car.

In January next year the Rover 3500 saloon will be introduced to the U.S. but this is expected to be a low-volume, high-priced car and so only sell a few thousand a year.

### Dunlop takes tennis racket 'forgers' to court

BY ANTHONY ROWLEY IN HONG KONG

DUNLOP'S International Sports Company has taken action in the Hong Kong High Court against two companies believed to be implicated in the supply of forged tennis rackets to Western Europe.

In a statement issued today in Hong Kong, Dunlop said, the "chain of supply" for the forged tennis rackets had been shown to run from Taiwan via Hong Kong to customers in continental Europe, although none of the rackets had appeared in Britain.

The court order, which Dunlop obtained as part of its policy of protecting its valuable trade marks, had rarely been granted in Hong Kong before, the company's statement said.

The order "gave the right to Dunlop's representatives to enter the dependants' premises and inspect and take copies of all documents pertaining to the infringing transactions and to remove the fake rackets."

Dunlop's statement continued: "This was the end of a trail that started several months ago when it became clear that a larger number of Dunlop Maxply Fort tennis

rackets were being sold in continental Europe that could be accounted for. Although the forged rackets were similar to the genuine ones, Dunlop became suspicious when it received a number of rackets showing faults and premature failure in play.

"Successful legal action taken in the German and Swiss courts against local dealers on the basis of trade mark infringements revealed that the suppliers were Hong Kong companies and that the rackets were probably of Taiwanese construction."

Dunlop obtained what is termed "Anton piller order" in the high court, here and searched premises of one of the defendants, Leprechaun Fashions of Hong Kong. Documents were seized identifying the source of forged rackets as a "well-known Taiwanese manufacturer."

Final judgment has now been obtained against Leprechaun Fashions and its director Mr. Lian Forde, Dunlop said.

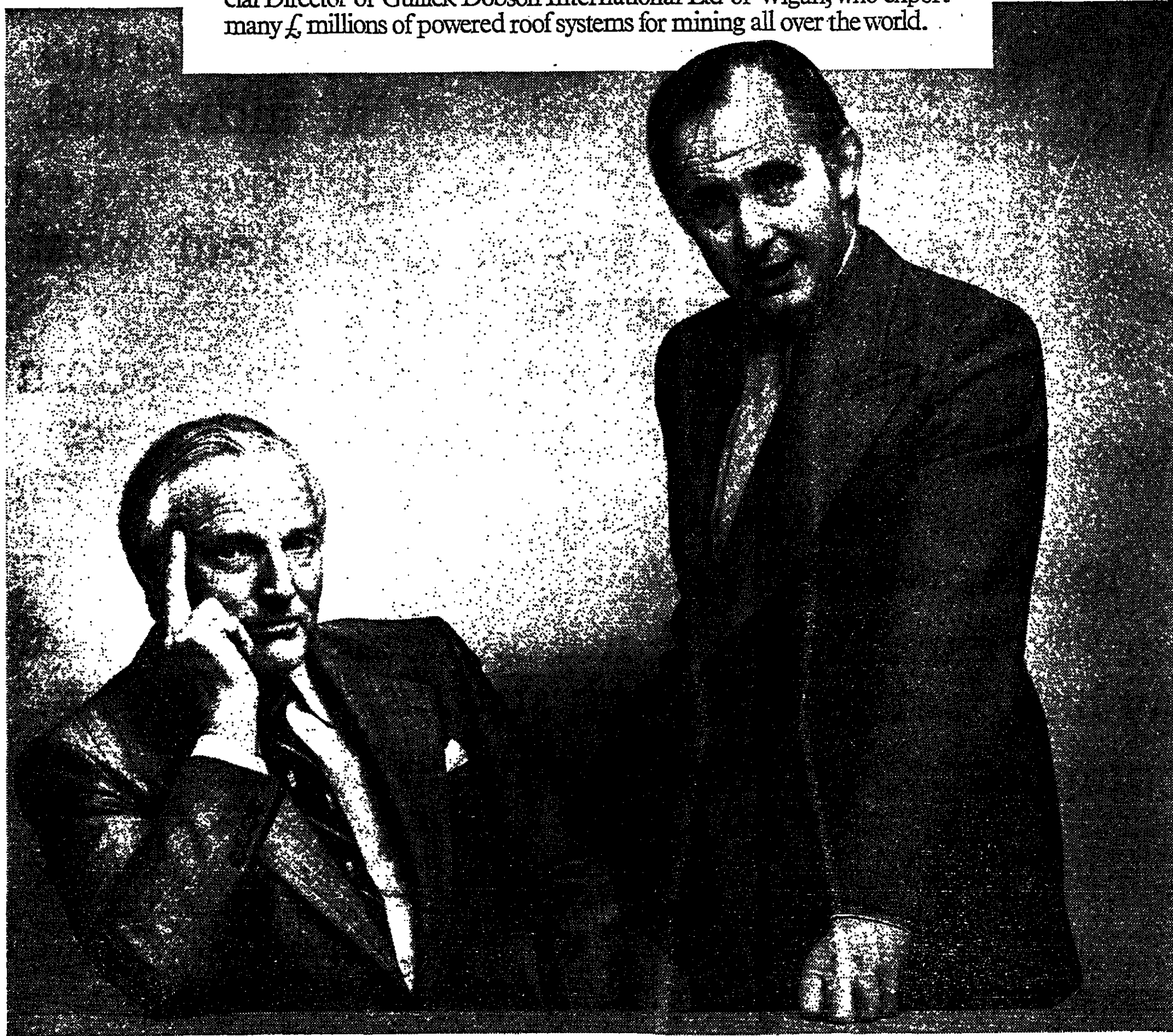
Dunlop did not identify the second defendant company in its statement.

"We believe in ploughing back every penny we can afford into investment, and to do that, we need predictable profits. That's why we have an ECGD insurance policy for our exports.

"It would be quite wrong for us to get a good return one year, only to have a hole knocked in it the following year because of a large overseas loss. With the worldwide expansion of our business, there are many hazards and it would be foolish not to insure the credit risks.

"So, with ECGD covering 90 or 95% of the value of our exports—at low premiums—well it seems to us an eminently sensible way of doing business."

Mr T Pollard (seated) is Chairman and Mr D T Morris-Jones, Financial Director of Gullick Dobson International Ltd of Wigan, who export many £ millions of powered roof systems for mining all over the world.



### Iran still importing from S. Africa despite ban

BY ANDREW WHITLEY IN TEHRAN

IRAN IS continuing to import significant quantities of South African goods, with the full knowledge of Mr. Bazargan's Government, despite its public declaration that all economic and political ties had been severed.

The bulk of the imports are badly needed industrial plastics in short supply around the world. To conceal the trade, Iranian dealers say documents are being falsified on a large scale, declaring the origin of the goods as Swaziland or the Mozambique port of Maputo.

In the two years to March 1978, after which the political unrest disturbed all trade, South African exports to Iran had recorded one of the fastest growth rates of any supplier. In 1977-78 they stood at \$191m.

Two fifths of the total was composed of construction steel, another 10 per cent was vehicles: with the remainder made up of plate glass, industrial plastics and food grains.

Estimates of the current value of the trade are hard to make: the temporary ban on steel imports and the year's halt to luxury car imports auto-

matically cuts the 1977-78 figure by half. Nor is South Africa said to be in a position to sell grain this year because of its own wet summer. On the other hand, exports to Iran of PVC and polyethylene for packaging and coverings appear to have increased sharply, judging by the last three months.

Iran imports more industrial plastics than the rest of the Middle East put together. Apparently unable to secure their needs from reluctant European suppliers, Iranian dealers are turning to South Africa, with its advantages of proximity and competitive production costs. There the main manufacturer is AECI Ltd, an associate company of ICI.

The Iranian Government's policy seems to be a pragmatic one, based on obtaining necessary goods on the best possible terms from any source, so long as this is not considered to be against its interests. In South Africa's case it has been prepared to allow the trade to continue so long as no publicity was given to it.

### Turkey presses foreign drug companies to invest

BY METIN MUNIR IN ANKARA

THE TURKISH Government has held a round of talks with foreign pharmaceutical companies operating in Turkey on the future of their operations.

The companies have been told that they can bring in new capital to expand and modernise their plants to enable them to export and manufacture locally some raw materials for use. Otherwise, they could start thinking about leaving.

This warning comes at a time when the Turkish Government is completing a streamlining of the regulations governing foreign investment—a move which is part of its declared programme to make the atmosphere for foreign investment less hostile.

The outcome of the talks with the pharmaceutical companies is thus being seen as a touchstone of the Government's intentions towards foreign capital as a whole.

It is also important for the Western countries and banks putting together an emergency credit package for Turkey.

The new stage of the long, difficult relationships between the companies and Turkey opened three months ago with the publication of a new decree on foreign pharmaceutical operations.

The decree put the companies under the obligation of manu-

facturing 25 per cent of the raw materials locally and exporting 15 per cent of their products.

There are seven foreign pharmaceutical companies in Turkey—Wayeth and Pfizer of the U.S., Roche, Ciba-Geigy and Sandoz of Switzerland and Hoechst and Bita of Germany. This last company is a partnership of four which includes Bayer.

The companies were completely taken by surprise by the decree and were displeased with it—their local raw materials production and exports were negligible.

Under the new decree the companies must submit expansion projects to the Government by the end of September. The choice which now appears to be open to them is either to expand or to leave.

In their talks with the state planning organisation they were informed that the Government was prepared to allow them to bring in capital to modernise their plants and enable them to divert into raw materials manufacture.

The companies found this offer positive. Traditionally Turkish governments have rejected proposals for modernisation and expansion, forcing most companies to work with machinery obsolete by Western standards.

ECGD insures from date of contract or despatch of goods. Cover is available for contracts in sterling or other approved currencies for: Continuous sales worldwide of raw and processed materials, consumer goods and production-line engineering goods  
 Sales to and by overseas subsidiaries of UK firms  Sales through UK confirming houses and by UK merchants  Single large sales of capital equipment, ships and aircraft  Constructional works contracts  Services. ECGD also makes available: Guarantees to banks providing export finance, often at favourable rates of interest, including project loans and lines of credit to overseas borrowers  Guarantees for performance bonds  Guarantees for pre-shipment finance  Consortium contingency insurance  Cost escalation cover  Tender to contract cover  Cover for investments overseas  For full details call at your local ECGD Office.

To make an appointment or for information contact the Information Officer, Export Credits Guarantee Department—quoting reference FTW—at Glasgow, Belfast, Leeds, Manchester, Birmingham, Cambridge, Bristol, London West End, Croydon or Tottenham offices; or Joan Swales, Information Section, ECGD, Aldermanbury House, London EC2P 2EL. (Tel: 01-606 6699, Extn. 253).



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# Renault claims to be top importer

FINANCIAL TIMES REPORTER

RENAULT of France is still the UK's leading car importer, according to figures published by the company yesterday for the first five months of the year.

They show 46,100 Renaults were sold in the UK in the period up till the end of May, ahead of Datsun (44,354), Fiat (31,927) and VW/Audi (33,050).

Renault said this represented 5.53 per cent of the total UK market, compared with sales of 31,707, representing 4.31 per cent of the market in the same period of 1978.

In May, Renault sales, at 10,371, were 118 per cent up on those of May, 1978, when it sold 4,757.

Market leader for Renault this year is still the Renault 5, with 11,851 sales in the first five months, closely followed now by the new Renault 19 range, which accounted for 11,425

sales since its introduction at the end of January.

The Renault 5 also achieved the biggest sales increase in May—3,114, compared with 1,293 in May 1978, while the Renault 14 sales were up from 785 in May 1978 to 1,607, an increase of 105 per cent.

Commercial vehicle output in Britain during May continued to rise while car production languished, according to provisional figures published yesterday by the Department of Industry.

The seasonally adjusted production of commercial vehicles during the month was 36,700 compared with 34,600 in the same period last year and outpacing the 32,000 monthly average of the whole of 1978.

But production of cars during May fell to 32,000 (seasonally adjusted) from the 104,000 of the same period last year.



Sir Geoffrey Howe, Chancellor of the Exchequer, preparing his first Budget in the Treasury yesterday.

# Hospital 'desperate' protest to Chancellor

A PROTEST against the shortage of nurses at the hospital where he is president of the League of Friends was delivered to Sir Geoffrey Howe, Chancellor of the Exchequer, yesterday.

He was told in a joint letter from the management and COHSE, the hospital workers union, that the staff situation at St. Lawrence's Hospital, Caterham, Surrey, one of Britain's biggest hospitals for the mentally handicapped, was "really desperate".

The letter said: "We have 482 nurses in posts at present, but both management and union agree that we need another 264 nurses to provide our 1,400 patients with just minimum nursing care."

The shortage in nurses results in many wards being left unattended at night and these include wards containing epileptic patients. Where wards have a nurse on duty, on many occasions this nurse is an unqualified nursing assistant.

COHSE claimed last month that the death of a nine-year-old child at the hospital could have been avoided if there had been enough trained staff on duty at the time.

# Gold regains its place in monetary reserves

BY KENNETH MARSTON, MINING EDITOR

GOLD APPEARS to have finally won its battle for world acceptance as a store of wealth. In Gold 1979, Consolidated Gold Fields' latest authoritative annual review of the world gold scene, author Mr. Christopher Glynn says "The resurgence of gold as an acceptable component of monetary reserves was the most important feature of the year."

The publication of his views follows news of a record price of \$280.39 per ounce at the latest monthly auction of the International Monetary Fund.

Banks form a large proportion of the buyers at these auctions which are made for the benefit of developing countries. Many of the latter prefer to buy gold from the IMF rather than take their share of the fund's profits on gold sales.

Gold 1979 estimates that world supplies of the metal last year amounted to 1,741 tons, a modest 6 per cent higher than the revised figure of 1,637 tons for 1977.

Western production accounted for 969 tons, communist bloc sales for 410 tons, and net official sales about 362 tons; the last category includes U.S. Treasury auctions of 128 tons and IMF offerings of 132 tons.

On the demand side, jewellery manufacture took 1,001 tons with other industrial uses accounting for 293 tons. Coins absorbed 259 tons compared with only 137 tons in 1977, and a feature was the strong demand for Kruggerand one-ounce coins which required over 190 tons.

Overall investment demand, including coins and medals as well as gold bars, is estimated at 494 tons against 417 tons in 1977. This demand occurred in the face of a rise of 31 per cent in the average price of gold to \$193.50 from \$147.74 in 1977.

Thus total gold sales last year are valued at a new record of \$10.8bn compared with the previous peak of \$7.8bn in 1977.

The major factor in last year's heightened demand for gold was, of course, the weakness of the U.S. dollar. In the latter part of the year, however, other factors developed in the shape of the subsequent oil crisis, the final recognition of the People's Republic of China by the U.S. and the Sino-Vietnamese border fighting.

A notable change in the gold picture came in the closing weeks of 1978 when the price began to rise in terms of all

major currencies, not just the dollar as had been the case previously; hedging against the dollar "was for once a secondary consideration."

Looking to 1979 supply prospects, the review anticipates a slight increase in Western world production to 1,000 tons and says that Russian sales may be around 300 tons, considerably less than last year.

Sales by the IMF and the U.S. Treasury could amount to 250 tons if the latter continues to sell at its present rate of 23 tons a month; it is pointed out that the U.S. budget estimates allow for continued Treasury auctions through to October, although there is no statutory obligation for them to continue until then.

However, the review says that it is possible that total supplies to the market this year could reach 1,840 tons. Assuming a little changed fabrication demand of around 1,500 tons, the remaining 340 tons available for investment "could prove difficult to absorb at prices over \$250."

It is pointed out that a good deal of investment interest these days is in paper contracts with banks and dealers. This requires far less bullion as backing than physical acquisitions of the metal. But the review considers that "it is most unlikely that the private market will be asked to absorb much more gold than it comfortably handled in 1978."

# EEC loan of £1.450m for Orkneys

A LOAN of £1.450m has been granted by the European Investment Bank to help meet the cost of harbour development improvements to the water supply and sewerage in the Orkneys. The loan has been made to the Orkney Islands Council for 15 years at 9.95 per cent. The bank is the EEC's long-term finance institution.

# Pit study tour

NINETEEN mining apprentices chosen by the National Coal Board will study tour of the Ruhr Coalfield, West Germany.

# New office developers recovering confidence

By Andrew Taylor

A SLOW but continuing recovery in new office development in London and the South East is indicated from the latest quarterly figures on permits issued by the Department of Environment.

In the first three months of this year the DoE issued 62 permits—21 more than at the same stage last year—covering 6m square feet of new office development. This compares with a quarterly average of 4.3m square feet for the whole of last year and 4.8m square feet in the first three months of 1978.

The figure represents a further improvement in the level of planned new office space for which permits have been granted during the past 18 months.

# Relaxation

Last year the DoE issued permits for 17m square feet of new office development in the region, compared with 14.1m square feet in 1977 and 14.4m square feet in 1976. This still falls well short of the peak years for office development. In 1971 the DoE granted permits for almost 29m square feet of new office space.

The recent improvement reflects gradual recovery in confidence by developers in the office market—following the upward trend in office rents and capital values over the past 18 months or so.

There has also been a relaxation in the DoE's attitudes towards granting of office development permits particularly in inner city areas and this too may be reflected in the improved figures.

# External trade figures out today

BY OUR ECONOMICS STAFF

WEEKS of speculation about the UK's external trade position over the early part of this year end today with the publication of two sets of balance of payments figures.

The statistics have now been assembled after the industrial dispute at the UK customs centre and the Department of Trade will give the current account figures for February, March and April at 3.30 p.m.

At the same time the Central Statistical Office publishes the first quarter balance of payments, which includes information about the capital account.

The overseas trade figures for May, which were originally scheduled for next Thursday, will be delayed by seven days and will now be released on June 19.

The Department of Trade's survey of short-term exports and prospects, originally scheduled for yesterday, will be published next Thursday.

# CHRISTINE MOIR LOOKS AT SUPERVISION OF THE SECURITIES MARKET

THE HISTORY of Larkfold, a company set up in 1971 to acquire and transform Demodera Tea, a shell company, illustrates a number of the problems of supervision of the securities market. These include: the exploitation of shell companies and of the privileges given by official listing of securities on the Stock Exchange, the acquisition of control through the "warehousing" of shares, and the use of a company's own funds to purchase its own shares. The inspectors conclude in their 210-page report.

"Above all, it shows the dangers which follow when individuals are able, at little or no expense to themselves, to obtain control of publicly quoted companies for any purpose, or lack of purpose, that they may have in mind."

# Existence

Instead of its major shareholders, Gresham House Estates and Corinthian Holdings, bought control of Demodera Tea and agreed for a takeover of Demodera by Larkfold in return for Larkfold shares.

The parties who acted in concert to buy control of Demodera simply kept their stakes below the notifiable levels (at that time 10 per cent of the equity) and did not disclose their common interests.

The inspectors believe that even with the amendment to the Companies Act bringing down the notifiable level to 5 per cent such moves may still not be preventable.

With the share takeover, Larkfold came into existence as a company consisting of little more than £100,000 in cash which had been Demodera's main asset.

# Resources

The fortunes of Larkfold itself, the inspectors say, were modest and unimportant but they provide a case study which should give some guidance to those who are responsible for controlling corporate finance and for the proper conduct of the securities market.

Briefly, the inspectors believe, Larkfold was not the sort of company which merited

# Joseph turns down plea for Prestcold talks

BY HAZEL DUFFY AND RAY PERMAN

SIR KEITH JOSEPH, Industry Secretary, has turned down a request from union officials for a meeting over the proposed closure of Prestcold's two Scottish factories. The officials have been told by his department that the closure on September 7, announced officially by the company yesterday, was a commercial decision by the owner, B.L.

The closure was denounced last night by the Amalgamated Union of Engineering Workers, which covers most of the workforce, as "economic lunacy". Mr. John Rowan, a national officer of the union, called it "national asset stripping by the National Enterprise Board". It would cost the nation tens of millions of pounds in unemployment benefit and other social costs.

Staff at the two Glasgow factories, where 900 workers are to lose their jobs, accused the company of abdication of responsibility by failing to put to the Government a rescue plan drawn up by local directors. The fact that the Government or the company had done enough to try to save the factories.

Prestcold yesterday blamed the closure on "low demand, cheap imports and massive over-capacity in the European refrigeration compressor market."

The company said that the cost of saving the factories and introducing a new range of domestic compressors, had risen to between £10m and £12m; the cost of closure is estimated to be £4.5m.

But the Monthly Paid Staff Association, which represents middle managers and technical staff, said that Prestcold had ignored the local plan which, by speeding up the introduction of the new compressors and modifying existing machine tools, could bring the factories back to profitability at a cost of only £1.2m and 100 redundancies.

The plan has been in the hands of the Prestcold Board for some weeks, but the Staff Association said that it had been told by Mr. Alex Fletcher, Industry Minister at the Scottish Office, that no formal approach to the Government for assistance had come from Prestcold.

The Government is not taking a wholly negative attitude on the issue.

Mr. Fletcher added yesterday: "Even now we are prepared to consider sympathetically selective financial assistance if there is a likelihood of creating a viable and profitable business. We shall continue working for a solution to this problem during the notice of closure period."

The Government would prefer a private buyer to take over the factories but in spite of talking to a number of companies, including one of Prestcold's main suppliers, it has failed to find one.

Prestcold's trading losses, amounting to over £500,000 for the last three months, have been met by the Government but this arrangement ended yesterday.

Hourly-paid workers met yesterday to hear the news of the closure, but returned to work after 15 minutes. Mr. Alec McGibbon, the shop steward's convenor, said he did not think either the Government or the company had done enough to try to save the factories.

# House building sluggish despite slow increase

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

THE SLOW INCREASE in the number of new homes being built continued in April, although output remained at comparatively low levels.

The Department of the Environment said yesterday that a start was made on a total of 17,900 houses and flats during the month—an increase of 2,500 from the previous month and the highest monthly total recorded since November 1978.

But on a three monthly basis, total starts between February and the end of April were 15 per cent below output in the previous quarter and 24 per cent down on the same period a year ago.

According to the department, a start was made during April on 7,200 public-sector homes and 10,700 private units. The figures for both sectors represented an increase on levels previously attained in 1979.

Completions in the public sector fell back in April to 7,400 from 8,600 in March while private completions rose from just under 9,000 to 10,000.

The overall outlook for housing in 1979 remains gloomy. The latest prediction suggests that public sector starts could fall as low as 100,000 against the prior 1978 level of 107,000. Completions should reach about 130,000—a near repeat of 1978.

Private sector starts are expected to reach only 145,000 against 157,000 last year while completions should reach a similar total, against just under 150,000 last year.

# UK receives £269m in EEC regional aid

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

BRITAIN RECEIVED £268.75m from the EEC's regional fund between 1973-78. Figures from the commission in Brussels were released as Britain went to the polls to elect its 81 Euro MPs.

The commission also said Britain had received just over £747m in grants from various EEC funds and another £2,099m in loans during the six years.

It is clearly hoped within the EEC that publication of these figures will go some way towards countering the unease in the UK over the net contribution being made to the community.

Over the six year period, Britain received £880m from the social fund and £58.6m from the agricultural fund.

The greatest recipient from the regional fund has been Scotland, which has benefited to the tune of £69.78m, closely followed by the north of England with £63.55m and Wales receiving £41.03m and Northern Ireland £29.9m.

The grants from the regional fund do not go directly to the areas for which they are allocated. Under the UK system they go to the Treasury which allocates them to projects which have been undertaken.

Since a government department will have already assisted the projects put forward to the EEC for help any money which is subsequently received goes into the revenue pool.

Roads, sewers, industrial estates and communications are among those helped in the latest list from Brussels which totals £27m.

The biggest single amount by area goes to the North of England, which gets £8.48m

# Commission approves Guardian link-up

By Maurice Samuelson

THE GUARDIAN and Manchester Evening News has been allowed by the Monopolies Commission to purchase 85 per cent of the shares of Surrey Advertiser Newspaper Holdings, which controls 20 regional newspapers.

The purchase enables The Guardian's management to broaden its base.

However, the Commission concluded that although the Guardian might have to rely on Surrey Advertiser Newspapers for some financial support, the link-up would benefit both groups.

Mr. Ray Tindle, chairman of the Surrey Advertiser, retains the balance of 15 per cent of the shares, and will join the Board of The Guardian and Manchester Evening News.

# Commission approves Guardian link-up

The directors, frustrated in their attempts to develop the company, then accepted the nation of outside shareholders buying into Larkfold by way of injecting properties into it.

The first such example came to nothing when it was realised that Section 54 of the Companies Act would be breached if the company paid for the injected properties and the proceeds were then used by the vendors of the properties to buy shares in Larkfold.

Unfortunately, part of the transaction had taken place—the contract to buy the shares—when the breach was recognised.

Then a Mr. Murray Harrod, a New Zealander, offered to buy the shares and fulfil the contract. As the inspectors relate:

# U.S. buyer steps in for Kirkby presses

BY RHYS DAVID

A SALE of large presses at the KME workers' co-operative at Kirkby on Merseyside was halted in mid-auction yesterday with the emergence of a possible American buyer for the plant.

The U.S. company, represented by Mr. Joe Epstein, has paid a substantial deposit on the machines and will continue negotiations today with the liquidator, Mr. Bernard Phillips of the London firm of chartered accountants of the same name. Talks earlier this week between the parties broke down.

Substantial parts of the KME operation which closed in March with debts of £1.7m were sold at auction on Tuesday and Wednesday. The sale included most machine tools, radiator paint dipping lines, and large stocks of finished and semi-finished radiators.

The American company—its name is not being disclosed—is chiefly interested in the heavy presses used in convert sheet steel into radiator panels. It reached agreements with the liquidator in discussions yesterday morning shortly before the presses were due to be sold.

Mr. Phillips said yesterday that there was now hope that KME could be continued as a business, and the auction had been postponed to enable further talks to take place.

The agreement led to a phone call being made to the auctioneers, Mr. John Judson and Mr. Frank Howard, of Henry Butcher, ordering a halt to the sale which has been taking place in a canteen next to the factory.

If the American bid is successful and a decision is made to continue manufacturing in the UK the new owners will have to come to separate arrangements with the owners of the factory, IPD, and with the workforce.

A total of 700 men were employed at the plant. It was mainly the work's reluctance to make reductions in manning levels and the failure of negotiations with potential purchasers which brought about its financial collapse four years after it was set up. During its four years of existence a total of £5.7m in Government money was made available to the co-op.

# Bill planned to aid small inner-city companies

BY PAUL TAYLOR

THE GOVERNMENT has been asked to introduce new legislation which would extend the powers of local authorities with inner city problems to provide aid to small businesses.

The Association of Metropolitan Authorities has asked Mr. Michael Heseltine, Environment Secretary, and Sir Keith Joseph, Industry Secretary, to consider a draft Bill prepared by the Association which would greatly extend existing inner city policy.

The Bill has been drafted to complement rather than replace the existing arrangements of the Inner Urban Areas Act and would provide extensive new powers for local authorities with inner city problems. These would include the power to provide loans and grants to small firms employing less than 100 people.

Local authorities would be given powers to assist small firms with the provision of both finance and infrastructure—powers which are not generally provided under the Inner Urban Areas Act, which deals primarily with large and medium-sized companies.

Mrs. Shelagh Roberts, chairman of the association's planning and transportation committee, which drafted the Small Firms Assistance Bill, emphasised yesterday that the new legislation would "in no way conflict with regional policy or with existing inner city policy."

There will probably be some opposition to the Bill all the same on the basis that it would give local authorities a significant role in inner city regeneration independent of central Government control.

# Councils draw up new wage fixing machinery

BY PAUL TAYLOR

A MAJOR change in the pay bargaining machinery covering local authority employees has been proposed by the Association of Metropolitan Authorities.

A "green paper" prepared by the association suggests a radical change in the existing central annual pay negotiations, placing them under the more direct control of the political leaders of the main local authority associations.

The AMA, whose members account for 40 per cent of the 2m local government employees, has grown increasingly concerned about the operation of the present system. It says there is little correlation between the leading local authority members, who are involved in discussions with the Government over the issue of support grants, and the members who determine how two-thirds of this grant should be spent—on wages.

The association proposes a streamlining of the Local Authorities Conditions of Service Advisory Board, which handles the pay negotiations.

Under the proposals, the 27 Provincial Councils composed of groups of local authorities at local level, would continue to handle local negotiations. The central negotiations would be placed firmly in the hands of the association's political masters—the same men who handle the rate support grant negotiations.

At present, it is argued that because the local authority associations do not control the board, which is largely composed of local representatives, a serious anomaly exists.

Mr. "Tag" Taylor, chairman of the association, will expand on the proposals in a speech next week.

# Larkfold case study reveals 'imperfections'

THIS WAS the crucial period in Larkfold's history.

Mr. Harrod was only associated with Larkfold for 10 weeks but during that time the affairs of the company were "conducted irresponsibly and improperly."

Mr. Harrod was later arrested and extradited to Australia to face charges there bought control of the shares by a route that was "a blatant misuse of Larkfold's assets and a breach of section 54 of the Companies Act."

This involved a complex series of transactions whereby Mr. Harrod bought and then sold a substantial profit to Larkfold Pendle Mill, a former cotton mill in Lancashire, in such a way that the proceeds could be used to pay for his shareholding in Larkfold.

It also involved a breach of Stock Exchange rules in that the acquisition of Pendle Mill by Larkfold should have been the subject of both Class 1 and Class 4 circulars to members.

Even the price paid by Larkfold for Pendle Mill was excessive. Valued shortly before the acquisition at £155,000 and finally sold for £250,000 some years later, it was acquired by Larkfold for £350,000 on a valuation by Mr. John Francis in which the inspectors say Mr. Francis permitted himself "to be over-influenced by his knowledge of the price already arranged."

Mr. Harrod also charged the company a "spurious fee" for introducing the property a fee when his own company loaned Larkfold money to complete the transaction, and used Larkfold to guarantee his acquisition of

stake in Leaderfish—another breach of Section 54 of the Companies Act and which ultimately left Larkfold with a 21 per cent stake in Leaderfish bought for £14,000 and later sold for £28,000.

Mr. Harrod, according to the inspectors, must "bear the major responsibility for the substantial losses. These losses flowed from his running the company's affairs with objectives in mind other than the best interest of Larkfold."

On the other hand, the inspectors do not find that his was the sole responsibility. They point to weakness of Section 54 of the Companies Act, with "its derogatory maximum fine" as one cause. "If it is to be regarded more seriously the section, either in its present or an amended form, needs teeth," they say.

And they also castigate a number of the other directors and stockbrokers Sandelson and Mr. Robert Ellis, to a lesser or greater degree, for permitting their company's funds to be misused, and for not accepting or carrying out the responsibilities of their positions.

There were also many boardroom changes, including the resignations of the Arbutnor representatives and those of Gresham House and Corinthian. The speed and ease of these changes "disconcerted and worrying."

They point out that when directors resign on change of control and appoint their own successors "they must, or should, have a grave responsibility to see that their successors are 'responsible and competent'."



LABOUR

Further talks as building workers reject 14% offer

BY NICK GARNETT, LABOUR STAFF

CONSTRUCTION unions and employers will meet again on Monday after a decision by three of the industry's four unions to reject a pay offer worth up to 15 or 16 per cent. The employers, who are deeply divided over whether further concessions should be made to the unions, will meet before then to assess their position. The Transport and General Workers Union, whose members have adopted the most rigid opposition to the offer, has warned that industrial action may be unavoidable if the proposals are not improved. Construction companies believe this would involve action at construction sites in certain areas, including London, the Midlands, Merseyside and some parts of Scotland. The industry's joint union summit yesterday, The Transport and General Workers Union and the Furniture, Timber and Allied Trades Union, confirmed their members' rejection of the proposals. The Union of Construction, Allied Trades and Technicians, the biggest construction union, has been prepared to accept the offer which affects the pay and conditions for 700,000 workers. The unions appear to accept that the employers are unlikely to make any significant improvement in new money. They will tell employers at Monday's Building and Civil Engineering Joint Board meeting, however, that there must be improvements in consolidation. The offer would increase guaranteed minimum earnings of craftsmen from £60.20 to £67 per week, and of labourers from £52 to £57.20, but leaves many bonuses and supplements unconsolidated. The joint board meeting will involve the full joint operative side which includes FTAT, which is not represented on the board, and senior union officials other than national negotiators.

BL engineers set for one-day strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

DESIGN ENGINEERS at BL Cars will stage a one-day strike next Monday to open a militant campaign of selective action which could delay the important launch of the Mini Metro scheduled for next year. TASS the while collar section of the Amalgamated Union of Engineering Workers is calling out its 6,000 members in protest at the company's failure to implement a new grade structure, that would yield wage increases of between 15 and 30 per cent. Mr. Bob Parsons, TASS divisional officer, said procedure had been exhausted in negotiations, which had dragged on for 11 months. "We deeply regret the action, but have no alternative. Talks had become academic, because the company insisted they could not pay the money until shop floor productivity had increased." The company maintains that all payments must be self-financed, and cannot be made until productivity across BL Cars has hit the planned targets. Mr. Parsons insists that TASS has never accepted the wages of design engineers could be tied to over-rule productivity. Earnings had fallen well below those at Ford, Chrysler and Vauxhall and trained professional employees were leaving the company in their hundreds. BL had to make an investment in its design engineers if it was to maintain the independence of the British motor industry. The TASS members who in the main earn between £4,000 and £5,000 a year, will decide at plant level what action to take. The union has recommended a strict work-to-rule overtime ban and non-cooperation on projects such as the collaboration deal with Honda and the introduction of the Mini Metro. Mr. Parsons thought the overtime ban would have an early effect, and action by certain groups of workers could quickly halt the commissioning of new machinery for the Mini assembly plant. BL Cars announced yesterday the appointment of a new employee relations director after the resignation of Mr. Bill McStrong, 32, who joined the company five months ago from Leyland Vehicles. Hopes of averting militant action rests upon a meeting to be arranged by the company with full-time union officials. No figure has been put on the shop stewards' claim, but Mr. Hunt said expectations would be raised by the recent award of around 25 per cent to doctors, dentists and the heads of nationalised industries. Lucas is likely to argue that in the current difficult market conditions, even an increase of 13 or 14 per cent would make products uncompetitive and put jobs at risk.

Lucas men demand substantial increase

By Our Midlands Correspondent

SHOP STEWARDS representing 12,000 production workers at Lucas Industries are recommending strike action unless the company makes a "substantial" increase in its latest offer of about 8 per cent. Talks at plant level about the annual pay increase usually awarded at the beginning of next month have broken down. Mr. Ernie Hunt, a Birmingham district secretary of the Amalgamated Union of Engineering Workers, said last night. Hopes of averting militant action rests upon a meeting to be arranged by the company with full-time union officials. No figure has been put on the shop stewards' claim, but Mr. Hunt said expectations would be raised by the recent award of around 25 per cent to doctors, dentists and the heads of nationalised industries. Lucas is likely to argue that in the current difficult market conditions, even an increase of 13 or 14 per cent would make products uncompetitive and put jobs at risk.

Grosvenor action made official

By Our Labour Staff

A STRIKE by hotel workers at the Grosvenor Hotel in London's Park Lane was made official yesterday by the Furniture, Timber and Allied Trades Union. The dispute over the sacking of a chambermaid, she was dismissed a week ago. Management said the hotel was maintaining almost normal service in spite of stepped up action by 30 staff, which included forming a chambermaids' picket line. A number of chefs and maintenance workers refused to cross the picket line during the morning, but later the chefs decided to return to normal working for the time being. They will discuss the issue further with officers in their own union, the General and Municipal Workers' Union, next week if the dispute is not settled. The chambermaids were sacked last week for holding a meeting during working hours to discuss the disciplinary action taken by the hotel management against their shop steward. Officially the Advisory Conciliation and Arbitration Service were yesterday helping to make arrangements for a meeting between management and union representatives.

Strike ends at GEC's Dorman diesels plant

MORE THAN 500 workers at GEC's Dorman diesels plant in Stafford yesterday voted to end their week-long strike over a productivity deal. The men, on unofficial strike for the first time since the company started 100 years ago, accepted an offer at a mass meeting in a community centre near the factory, and will return to work on Monday. "It is an intolerable situation and if permitted would mean that the entire PA operation and reputation would be jeopardised. What we have here is attempted censorship by some members of the journalistic staff." Mr. Dennis said the NUJ had instructed members that news sent from the Nottingham Evening Post was "black" and the PA chapel had no alternative but to refuse to handle the story. The story reported the rejection by an industrial tribunal at Nottingham of an unfair dismissal complaint by Mr. Kevin Hill, one of 28 journalists dismissed by the Nottingham Evening Post last December for joining the NUJ's provincial journalists' strike. It was a test case affecting other dismissals. Mr. Hill said yesterday the NUJ would appeal to the Employment Appeals Tribunal. The Press Association NUJ chapel later issued a statement refuting the censorship allegation. "The facts are that the story was supplied by a journalist employed by a newspaper directly involved in the dispute and has been blacked by the NUJ. In any event, normal professional ethics require that news be obtained from an impartial source which was available if the Press Association had tried. A reputable freelance news agency, not involved in the dispute was present at the tribunal hearing and could have supplied a report if asked. This would not have been 'black'."

NUR agrees to joint talks in Tube dispute

BY OUR LABOUR STAFF

THE NATIONAL UNION OF Railwaymen yesterday agreed to joint talks with London Transport and officials of the Advisory Conciliation and Arbitration Service on pay and the union's decision to call a strike of its 15,000 Tube members from June 18. The NUR executive accepted the offer after officials of the union and the train drivers' union ASLEF met ACAS yesterday. Union officials had given a warning that further meetings with London Transport would be "useless" if no more money was forthcoming. The rail unions, representing about 23,000 Tube workers, have rejected an offer worth 10.3 per cent and have claimed increases of 17-20 per cent. London Transport announced yesterday expected bus and Underground fare rises from June 17 of an average of about 7.5 per cent. Adult bus fares will increase by about 5 per cent. The minimum Tube fare in Central London will rise from 10p to 15p, and season tickets will go up by an average of 8.5 per cent.

Unions to learn Civil Service staff cut plans

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions expect to be told details of the Government's programme of staff cuts at a meeting with senior Civil Service Department officials on Monday. Union leaders will meet Sir John Herbeck, Second Permanent Secretary in the department, who told the unions in March that staff cuts would have to be made if the service exceeded its cash limits on pay, and they will press for details of the Government's longer-term thinking on manpower levels after the end of its three-month freeze on recruitment in the service. Officials seem likely to put forward a series of possible levels for departmental reductions, on a basis of 5 or 10 per cent cuts. Some departments are already lobbying to be counted as exceptions. Mr. Paul Channon, Civil Service Minister, has told a meeting of permanent secretaries, though, that he wants cuts rather than excuses. Staff meetings of members of the Society of Civil and Public Servants (SCPS) in the Customs and Excise department—the first department to freeze recruitment and promotions—yesterday called for militant action to maintain conditions of service. Union officials today meet Civil Service Department negotiators to discuss the implementation of comparability rises due to some senior civil servants which, if fully enacted, would take the maximum pay of the 1,100 Assistant Secretaries from £12,273 to about £18,700 and the maximum pay of the 650 Senior Principals from £10,809 to about £15,000. Full implementation would seriously disrupt top civil servants' differentials, which department negotiators are anxious to avoid.

'Censorship' attack on NUJ

THE EDITOR-in-chief of the Press Association, the national news agency, yesterday accused officials of the National Union of Journalists working at the agency of "censoring" a legitimate news story. Mr. David Chipp said that last night Mr. Ken Dennis, the agency's NUJ father of the chapel (office branch chairman), had instructed sub-editor members of the union not to handle a story contributed by a journalist employed by the Nottingham Evening Post, where the NUJ is in dispute. "FA" has always assessed news on purely editorial grounds," said Mr. Chipp. "Now a trade union is telling us which sources we can and cannot use on industrial grounds. It was a test case affecting other dismissals. Mr. Hill said yesterday the NUJ would appeal to the Employment Appeals Tribunal. The Press Association NUJ chapel later issued a statement refuting the censorship allegation. "The facts are that the story was supplied by a journalist employed by a newspaper directly involved in the dispute and has been blacked by the NUJ. In any event, normal professional ethics require that news be obtained from an impartial source which was available if the Press Association had tried. A reputable freelance news agency, not involved in the dispute was present at the tribunal hearing and could have supplied a report if asked. This would not have been 'black'."

Burglary risk is double in London

By Eric Short

THE RISK of a London home being burgled is more than double that for the country as a whole. This warning is given by the Phoenix Assurance Company in a booklet issued to all its policyholders. Last year one household in 17 was burgled in London, compared with one household in 38 for the rest of the UK. It said that the problem was getting worse. The booklet tells policyholders that there were two things they could do. First, take every possible precaution to protect homes. Simple advice is given on securing windows and doors. It was no use hiding keys. Thieves were expert at finding them. Second, the booklet warns of the danger of being under-insured. The amount of cover could be inadequate to meet the cost of replacing the items stolen. The booklet illustrates the likely costs of contents in a typical household. It estimated that it would cost about £7,500 to replace the contents of a normal three-bedroom house. Mr. K. D. Sunfield, the personal insurances manager of Phoenix, stated that losses from private households were 25 per cent up on last year and now averaged £100,000 a day.

Monuments draw 55m tourists

By James McDonald

BRITAIN'S historic houses, gardens and ancient monuments received 55.5m visits from tourists last year—11m of them from overseas. This was 5 per cent higher than in 1977. The British Tourist Authority says historic properties in the care of the State attracted over 16m visitors and those administered by the National Trust nearly 6m. There were about 32.5m visits to independently-owned historic properties—17 per cent more than in 1977. "Our historic houses, gardens and ancient monuments are among our main attractions for overseas visitors, as well as British holidaymakers," said a BTA spokesman. The Tower of London was the greatest attraction, with more than 3m visitors, with the Jewel House in the Tower bringing in 2.1m. The dispersal of the Sonnenberg Collection continues in New York. A pair of portrait busts by Joseph Nollekens of Pope and Sterne, which sold for £240 in 1965, made £16,827 while a pair of Faenza maiolica albarelli appreciated from £1,500 in 1965 to £15,385. Christie's sold oriental carpets for £122,270 and English furniture for £85,145. Best price among the carpets was the £7,500 from Shaikh, the London dealer, for a Kashan silk embossed prayer carpet.

Mower safety code issued

THE BRITISH SAFETY COUNCIL has issued a safety code for power mowers after the electrocution of a Surrey housewife while mowing her lawn on Monday. Mr. James Tye, director-general of the council, said: "The power mower can be one of the most dangerous machines around the house if used incorrectly. The code stresses that electric mowers should be disconnected from the mains supply before adjustments are attempted, and that petrol mowers should have spark plug cables disconnected before any checks are carried out."

Conference on child offenders

A GOVERNMENT conference on the "intermediate treatment" of juvenile delinquents will be held in Sheffield from July 9-11. Organised as part of the International Year of the Child, it will press for details of court action to allow offenders to remain at home while undergoing supervised treatment. Speakers will include Mr. William Whitelaw, the Home Secretary, Sir David McVee, Commissioner of the Metropolitan Police, and Mr. Patrick Jenkins, Social Services Secretary.

Conference on oil field platform installed

BY KEVIN DONE, ENERGY CORRESPONDENT

THE 17,000 tonnes steel production platform for the Tartan oil field has been installed in the North Sea, about 135 miles to the north-east of Aberdeen. The Tartan field, which is being developed by Texaco, the U.S. oil company, is one of the smaller commercial North Sea discoveries, with recoverable reserves of about 250m barrels of crude oil. The field is due to come into production early next year, with output rising to about 75,000 barrels a day. The programme has been thrown into doubt by an industrial dispute in Scotland.

Professor of Leadership

DR. JOHN ADAIR has been appointed Britain's first university Professional Fellow in Leadership Studies, at Surrey University, Guildford. He will research how many managers act as leaders in big industrial organisations and also how leadership can be managed and skills improved. Dr. Adair, 44, a management consultant, is married and lives at Windsor.

Phone in for basic maths

A PHONE-IN service started yesterday to help people who have forgotten how to add and cannot check their gas bills. The Adult Literacy Support Services Fund began an experimental eight-week service for adults who need help with basic maths. The number to ring from outside London is 01-992 5522. Initially it will operate from 6-8 pm every Thursday.

UK NEWS

Airports helicopter link loses £400,000

THE GATWICK-HEATHROW

airport helicopter link lost £400,000 and received more than 700 complaints about noise in its first year, the British Airports Authority said yesterday. The operators, British Caledonian Airways and British Airways yesterday announced plans for a £2 rise to £14 for the single fare between the two airports. It approved by the Civil Aviation Authority, this would come into effect in November. Losses are expected to continue, at a reduced level, for another two years, as forecast last June when the service started. Results for the first year would have been better, the BAA said, but for the severe winter. This helped push the passenger load down by 8,000 from the 54,000 forecast. Just less than one-third of the S61 helicopter's 28 seats were used on an average flight. British Caledonian Airways and British Airways operate the service on behalf of the BAA. Both airlines plan to apply to the Civil Aviation Authority today for a five-year extension to the operating licence. But the long-term future of the helicopter link depends on the progress made with the A252 motorway which may eventually link the two airports. The helicopter service would then be reviewed.

Lay-offs at Ulster carpet factory

By Our Belfast Correspondent

ABOUT 350 workers in Ulster are to lose their jobs because of a cutback by Donaghadee Carpets, a subsidiary of Carrington Virella. The company said yesterday that adverse trading conditions had led to losses and it was forced to readopt a two-shift system to improve efficiency at its County Down factory. The labour force of 830 will be cut by more than 40 per cent. Most of the 290 production workers to be made redundant will go by the middle of next month, followed by weekly and hourly-paid staff. The company said the long-term viability of the factory depended on the successful implementation of the new working system, coupled with an improvement in demand. Following consultations with unions, the company said three factors had affected its trading over the past two years. There had been an increase in production capacity in some European countries, which previously had been markets available to UK suppliers. The home market had also experienced a drop in demand and competitive imports had reduced the market share for home carpet producers and brought a reduction in margins. Current and predicted demand was for considerably less than the present 300,000 sq in capacity of the factory on its three-shift basis. The company said it would strive to preserve as many jobs as possible.

Rail cuts less severe than first expected

FINANCIAL TIMES REPORTER

BRITISH RAIL announced yesterday that proposed cuts in diesel train passenger services may not be as severe as originally envisaged after last minute talks with major fuel suppliers. Cuts in services starting next Monday were to have been announced yesterday. Earlier this week British Rail said it would have to cut diesel train passenger services by 7 per cent following a reduction of 7.3 per cent in its fuel supplies, mainly from Shell and Esso. But British Rail said yesterday: "We have had further talks with the fuel suppliers and the cuts in supplies will not be as severe as expected. We are gaining some concessions from the oil companies." Both Esso and Shell started rationing oil product supplies to all customers at the beginning of this month. This was because of a shortfall in crude oil supplies and the need to rebuild depleted stocks in time for next winter. British Rail said its regions were delaying announcements of cuts, but some were expected to be given today. Budget plea Meanwhile, the 15,000-strong Freight Transport Association has told the Chancellor of the Exchequer, Sir Geoffrey Howe, that a Budget increase in fuel tax would add to transport costs already affected by increased fuel prices. The FTA maintained that if there was a case for applying different rates of duty for oil fuels, diesel should benefit before petrol. The association said diesel-engined vehicles, while more expensive to buy, were 20 per cent more efficient. The Government should encourage operators to change to diesel-engined vehicles. It claimed that if the rate of duty on diesel were dropped to 30p a gallon, industry would benefit at the rate of more than £50m a year. Higher fuel costs would eventually be reflected in increased High Street prices.

Police urge companies to adopt crime prevention measures

BY COLLEEN TOOMEY

COMPANIES could continue to be victims of serious crime as long as they refused to implement cost-effective security methods. Chief Superintendent Arthur Snow, director of the Home Office Crime Prevention Centre, said yesterday. Incidents of theft, robbery, fraud and arson could mean the difference between profit or loss to a company, he said at a security conference run by the Institute of Purchasing and Supply. Robberies netted an average £918 in 1977, and employee theft averaged £317. The value of property stolen in burglaries of commercial premises averaged £190 and there was 336,000 offences reported to the police that year, Mr. Snow said. Cost-effective security measures offer the most manageable way for companies to prevent crime. Dealing with "shrinkage" effectively could substantially increase net profit in most companies from 20 to 25 per cent and in some extreme cases by as much as one third. A 1973 Home Office working party on shop security concluded that "retailers do not know what their losses from dishonesty are and their estimates are often no more than blind guesses." Other measures included: The appointment of a security adviser responsible to an executive in authority. The use of security methods relevant to the type of thief likely to be encountered: 90 per cent of thefts occurred during daylight working hours, and 70 per cent of those by opportunists who succeeded only because of lax security. The use of a good materials handling and storage system: unnecessary wastage and untidiness encouraged people to help themselves. Supervision of all vehicles: employees' vehicles should never be allowed into areas near or containing inviting goods and if possible there should be only one vehicle entrance and exit. THE NUMBER of serious offences—previously called indictable offences—recorded by the police in England and Wales declined 3 per cent in the first quarter of this year to 583,000, compared with the same period in 1978 and by 5 per cent to the first quarter of 1977. But within this total there was a further rise in the number of offences of violence against the person, 6 per cent higher than in the first quarter of 1978. This increase was similar in scale to the year-on-year increases recorded for this offence group in both 1977 and 1978, the Home Office said.

Oil field platform installed

BY KEVIN DONE, ENERGY CORRESPONDENT

THE 17,000 tonnes steel production platform for the Tartan oil field has been installed in the North Sea, about 135 miles to the north-east of Aberdeen. The Tartan field, which is being developed by Texaco, the U.S. oil company, is one of the smaller commercial North Sea discoveries, with recoverable reserves of about 250m barrels of crude oil. The field is due to come into production early next year, with output rising to about 75,000 barrels a day. The programme has been thrown into doubt by an industrial dispute in Scotland.

Sotheby's £189,715 silver sale

BY ANTONY THORNCROFT

Emile-Othon Friesz. Among the illustrated books at Chancery Lane Hatchards paid £1,300 for a copy of Eric Gill's edition of the dispersal of the Sonnenberg Collection continues in New York. A pair of portrait busts by Joseph Nollekens of Pope and Sterne, which sold for £240 in 1965, made £16,827 while a pair of Faenza maiolica albarelli appreciated from £1,500 in 1965 to £15,385. Christie's sold oriental carpets for £122,270 and English furniture for £85,145. Best price among the carpets was the £7,500 from Shaikh, the London dealer, for a Kashan silk embossed prayer carpet.

Twin-deck ferry loading ramp

Financial Times Reporter

A TWIN-DECK loading ramp for Sealink ferries between Stranraer, Scotland, and Larne, N. Ireland, was opened yesterday by Mr. George Younger, Secretary of State for Scotland. It enables vehicles to load or unload simultaneously on new twin-deck ferries. Mr. Leslie Soanem, chairman of British Transport Ship Management (Scotland), which operates the Larne-Stranraer route, said that business had been increasing steadily for some years. Last year it carried 286,000 vehicles and 880,000 passengers were carried.

British products 'seen as out of date'

BY JAMES McDONALD

BRITAIN'S IMAGE on the Continent as an industrial producer is lower than any other major Western industrial country except Italy, according to a survey by Market and Opinion Research International (MORI). Robert M. Worcester, managing director of MORI, told the IBIS Conference on Corporate Advertising and Communications in London yesterday. Presenting a paper on "How others see us: the European view of Britain today," Mr. Worcester said the West Germans scored best with all countries; America ranked second but only squeaked in ahead of the Netherlands in the views of the French and Germans. The Netherlands were in third place, except in West Germany where they were top. France ranked fourth, Belgium fifth, Britain sixth and Italy seventh. Mr. Worcester said "Perhaps worst of all, Britain is seen as producing technically out-of-date products. This may or may not be true. But the fact remains that this is the perception, and in the real world of commerce, industry and politics, it is the perception that pertains. "I was brought up in America to think that the British made expensive but excellent quality and exceedingly good value products. "That opinion is not shared on the Continent today. Since moving to Britain I have been witness to radio and television programmes, newspaper and magazine articles and many speeches that have talked about the quality of British technology. "This reputation for technical advancement only finds credibility here in Britain," he declared. The survey showed that Europeans thought British goods were not of such good quality nor such good value for money as others' products, and that British business was not responsive to customer requests and was slow to deliver.



ENERGY REVIEW: THREE MILE ISLAND

BY DAVID LASCELLES IN NEW YORK

# The jig-saw puzzle starts to fit

TEN WEEKS after the chilly March morning when alarm bells rang on Three Mile Island heralding the worst nuclear accident to occur in the U.S., the causes are finally beginning to fall into place, although the main actors in the drama — Babcock and Wilcox which supplied the reactor and Metropolitan Edison which operated it — are still pushing the blame from one to the other. Babcock and Wilcox had its say at a Press conference in Lynchburg, Virginia, earlier this week.

The picture that emerges of the first hours of the crisis is one of confused operators grappling with a situation for which their training had not prepared them, making worse by their errors what started out as a minor fault. The supreme irony of Three Mile Island is that if the controllers had sat tight and done nothing when the alarm sounded, the nuclear station might well have shut itself down automatically without crisis, radiation leaks and damage to the core.

As it is, human error was responsible for four of the five major factors contributing to the accident, including what the Nuclear Regulatory Commission has labelled "the most significant" one.

**Starred**

Although the findings which have emerged at President Carter's commission of inquiry and the manufacturers' and operators' own investigations are highly technical, what went wrong can be described simply: the nuclear fuel, from which heat is removed by circulating water under high pressure, was inadvertently starved of coolant during the critical early minutes of the crisis. By the time this was discovered, the reactor had reached such high temperatures that parts were damaged, and the unexpected—such as the growth of the famous hydrogen bubble—started happening.

The crisis began at 4 am when workers carrying out routine maintenance to the main feedwater system accidentally turned off the supply. As the designers intended, the turbine shut itself down automatically and the auxiliary feedwater pump started up.

However, the valve admitting this new water supply to the cooling system had accidentally been closed several days earlier, and nobody had noticed. The reason is still unclear. But it may have had something to do with the fact that in U.S. control rooms red lights indicate that valves are open and motors running, and green lights mean they are closed and stopped, the exact opposite of the more

usual green-go and red-stop. The light on this valve showed green for closed, but controllers may subconsciously have registered green for open.

The fact that the valve was closed prevented the emergency water supply reaching the system, allowing the fuel temperature to shoot up and the reactor pressure to rise.

In only five seconds, the pressure reached a point where a safety valve opened automatically to reduce it. But this was not enough. Four seconds later the pressure had reached a level where the reactor shut itself down automatically. So within 10 seconds from the start of the accident, the two main pieces of generating equipment, reactor and turbine, had shut themselves down, as their designers intended.

With the end of the nuclear reaction, the temperature and pressure began to drop again, at which point the safety valve should have closed again automatically. But it did not—and that was the only major mechanical failure in the accident. Automatic relief valves are notoriously unreliable, so the system's designers had installed an emergency block valve in case this should happen. But the failure of the valve to close was not noticed until 1.30 minutes from the beginning of the accident. By that time it was too late.

The open valve allowed pressure to escape from the system, posing the danger that water inside would flash to steam and leave the fuel uncooled. This activated the emergency core cooling system, when high-pressure injection pumps automatically began forcing an emergency coolant supply into the reactor.

Things had been going wrong for only two minutes at this point, but the controllers—evidently confused by the speed of events—feared the system might now overfill with water, so they overrode the automatic controls on the emergency pumps and shut them off. This action, which Babcock and Wilcox says was based on a narrow reading of the situation, has been described as "the most significant factor in the accident."

Mr. John MacMillan, vice-president of Babcock and Wilcox's nuclear power generating division, told a Press conference this week: "Had the operator allowed the high-pressure injection pumps to continue operating and perform their designed function of providing coolant for the reactor, there would not have been the subsequent core damage and corresponding release of radioactivity."

As it was, the water flashed into steam causing the circulation pumps to shudder, so the operators shut them off too. The



Three Mile Island—the accident was '80 per cent human error.'

reactor was now deprived of all sources of coolant, and its temperature began to shoot up again, to somewhere between 2,000-3,000 degrees F. (still far below the melting point of the ceramic fuel). In the next two hours, much of the water boiled away and the zirconium alloy cladding round the fuel rods began to react with the steam, creating the hydrogen which formed a bubble in the top of the reactor.

**Several hours**

It was only after several hours that engineers grasped exactly what was happening, and eventually they restarted the high-pressure pumps to inject coolant into the reactor. Finally, 16 hours after it all began, they managed to "stabilise" the system at around 250 degrees F.

By then the damage had been done. Radioactive water had spurted through the relief valve into the drain tank, rupturing an overflow disc and spilling on to the reactor building floor. Although a sump had been designed to collect spillage and drain it off to storage, venting of the reactor buildings caused radioactive steam and

gases to escape into the atmosphere.

The amount that got out was comparatively small (at the most one X-ray's worth per person) but radiation levels in the building are still so high that no-one has yet been able to approach the reactor and examine it.

That is one reason why it is still hard to assign the blame for the accident. But given the enormous legal claims that are likely to arise, all the individuals and companies involved have already sharply delineated the limits of what they believe to be their responsibility.

The position of Babcock and Wilcox, which supplied the nuclear steam supply system and various auxiliary and emergency support systems, was summarised by Mr. MacMillan: "We don't believe we have blame in the Three Mile Island accident; we believe it was the actions of the operators."

Even so, the company acknowledges that procedures will have to be improved. The relief valve which stuck open—made by Dresser Industries to Babcock and Wilcox specifications—will be moved lower down the emergency sequence. The reactor will be re-programmed to shut down automatically before the valve takes the strain and not, as at Three Mile Island, afterwards.

This change, and others like it, could have a significant impact on the reactor's operation. They mean that the reactor is likely to shut down more frequently, possibly improving its safety but also impairing its economic efficiency. Reactor owners would prefer to go through all the safety systems before having to shut down the reactor.

Mr. MacMillan also conceded that the system for draining off spilled radioactive water (in which the radioactivity escaped) will have to be "re-evaluated."

**Simulator**

Apart from supplying equipment, his company also trained the Three Mile Island operators for about two months on a reactor simulator—a simulated nuclear control room—at its headquarters in Lynchburg, Virginia. But though the company blames operator error for the accident, it denies responsibility for the training since the courses were devised by the owners of the reactor and

approved by the Nuclear Regulator Commission — the government's nuclear inspectors. However, Mr. MacMillan says that simulated emergencies on which they were trained assumed that all valves and pumps were in the correct operating mode when the crisis started. At Three Mile Island, crucial valves were closed when they should have been open. So now, his company is training controllers in "multiple equipment failures."

The company also claims that the fact that the valves were closed means that the power station was being operated in violation of the operating manual, and therefore in violation of its operating licence, too.

For their part, Metropolitan Edison and its parent company, General Public Utilities (which has been brought to its knees financially by the accident), complain that their operators were never trained to cope with such a concatenation of events, and that such things as the lay-out of the control room and instruments made human error more likely.

Babcock and Wilcox concedes that it was unprepared for the way the crisis developed, particularly regarding the totally unforeseen hydrogen bubble—though that was never the explosive hazard it was once labelled. According to Mr. MacMillan, future reactor designs will contain some means like a vent or valve for releasing bubbles.

**Public faith**

For the public, all the arguing has weakened still further its faith in nuclear power. The talk of human error and the unforeseen has tended to overshadow the fact that only one small piece of equipment failed, and even that had been catered for by the makers.

It will be months before responsibilities are finally assigned by the presidential commission. But already the accident has led to tougher safety standards, both imposed by the nuclear inspectors and set voluntarily by the nuclear power industry. The net result will be to increase the cost of nuclear power generation, possibly by large amounts, and possibly to drive some of the industry's members out of business.

Mr. George Zif, vice-chairman of J. Ray McDermott, the large engineering company which, ironically, fought a tough battle to acquire Babcock and Wilcox only two years ago, commented: "There's been a lot of speculation as to who it might be that might fall by the wayside... we firmly intend to remain part of the nuclear industry."

FOOD PRICE MOVEMENTS

	June 7	Week ago	Month ago
<b>BACON</b>			
Danish A.1 per ton ...	1,150	1,150	1,150
British A.1 per ton ...	1,085	1,065	1,085
Ulster A.1 per ton ...	1,085	1,065	1,065
<b>BUTTER</b>			
NZ per 20 kg ...	14.22/14.37	14.22/14.37	14.11/14.24
English per cwt ...	81.65	81.65	81.65
Danish salted per cwt ...	85.10/87.85	85.10/87.85	85.10/87.85
<b>CHEESE</b>			
NZ per tonne ...	—	—	—
English cheddar trad. per tonne ...	—	—	—
<b>EGGS</b>			
Home produced:			
Size 4 ...	2.90/3.00	—	2.80/3.10
Size 2 ...	3.40/3.60	—	3.15/3.30
<b>BEEF</b>			
Scottish killed sides ex-KKCF ...	60.0/65.0	58.0/63.0	57.0/60.0
Eire forequarters ...	40.0/42.0	41.0/43.0	38.0/41.0
<b>LAMB</b>			
English ...	51.0/52.5	52.0/56.0	51.0/52.0
NZ PLs/PMS ...	—	—	—
<b>PORK</b>			
All weights ...	34.0/44.0	34.0/44.0	33.0/45.0
<b>POULTRY</b>			
Oven-ready chickens ...	41.0/44.0	41.5/43.5	39.0/43.0

\* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. † For delivery June 10-17.

**Viking Resources International N.V.**  
Curaçao, Netherlands Antilles

In the Annual General Meeting of Shareholders held on 7th June, 1979 a cash dividend of US\$ 0.30 per ordinary share was declared payable as from 15th June, 1979 on the ordinary shares outstanding as of 15th June, 1979 against delivery of dividend coupon nr. 7 with:

Pierson, Holding & Pierson N.V.  
Herengracht 214  
Amsterdam

**J. SMART & CO. (CONTRACTORS) LTD.**  
**Interim Statement**

At a Board Meeting on 7th June, 1979, the Directors declared an Interim Dividend per share of 0.605p nett (0.55p) due payable on 2nd July, 1979, in respect of the year ending 31st July, 1979. Members holding approximately 50% of the shares have waived their right to this Interim Dividend.

It is estimated that for the current year Group Profits before Tax will not be less than £1,250,000 (£1,258,300) made up of Trading Profits of £1,225,000 (£1,212,238) and Profit on Sale of Investments, etc. £25,000 (£46,062).

These results are again a reflection of the highly competitive conditions which still prevail in the industry at the present time and the exceptionally severe weather conditions during the past winter.

Subject only to unforeseen circumstances, the Board will recommend to the Shareholders, in due course, that the Final Dividend per share for the year to 31st July, 1979 be 1.625594 pence nett (1.477812 pence), this being the maximum permissible under the current restrictions. Should these restrictions be lifted, it is the intention of the Board to consider the level of dividend with proper regard to the company's earning power and financial strength.

**UNITED OVERSEAS BANK GROUP FINANCIAL HIGHLIGHTS**

PROFITS (\$'000)	1978	1977	Increase	%
UOB Group	35,829	28,500	7,329	+25.7
The Bank (UOB)	26,147	21,355	4,812	+22.6

**DIVIDENDS**  
Final dividend of 7 1/2% on the enlarged capital of \$8175.7 million. Together with the interim dividend of 5% less tax, the total dividend for the financial year would amount to 12 1/2% less tax.

**BALANCE SHEET AS AT 31 DECEMBER 1978**

LIABILITIES	\$'000	ASSETS	\$'000
Capital & Reserves	383,819	Cash, Balances with	
Debentures	179,332	Bankers & Money At Call	1,178,483
Total Deposits	3,168,611	Government Treasury	
Other Liabilities	322,146	Bills & Securities	289,913
Acceptances, Guarantees		Investments	158,566
& Other Obligations on behalf of customers	1,277,229	Loans & Advances	2,223,871
		Other Current Assets	86,298
		Fixed Assets	116,867
		Customers Liabilities for	
		Acceptances, Guarantees	
		& Other Obligations	1,277,229
<b>Total Liabilities:</b>	<b>5,331,137</b>	<b>Total Assets:</b>	<b>5,331,137</b>

A copy of the UOB 1978 Annual Report is available on request.

The United Overseas Bank Group (comprising United Overseas Bank, Chung Khai Bank and Lee Wah Bank); over 40 years of experience in Southeast Asia, with 77 branches in Singapore, Malaysia, Hong Kong, Tokyo, London and an Agency in New York.



**UNITED OVERSEAS BANK GROUP**  
Think Finance - Look to the South East Asia Group assets valued \$85,332 million

Head Office: 1 Bonham Street, Raffles Place, Singapore 1 Tel: 919968  
Telex: RS 21539; 21804. Cable: TYEHUABANK.  
Malaysian Central Offices: Chung Khai Bank, Bangunan Lee Wah Bank, 10-11 Medan Pasar, Kuala Lumpur. Tel: 87761. Telex: MA 30232. Cable: CHUNGBANK.  
Lee Wah Bank, Bangunan Lee Wah Bank, 10-11 Medan Pasar, Kuala Lumpur. Tel: 88351. Telex: MA 30265. Cable: BANKLEEWAH.  
Hong Kong: 34-38 Des Voeux Road Central, Hong Kong Tel: 11-257171. Telex: 74581. Cable: TYEHUABANK.  
Tokyo: New Kokusai Building, 4-1, 3-chome, Marunouchi, Chiyoda-ku, Tokyo. Tel: 216-4251. Telex: 22178. Cable: TYEHUABANK.  
London: 2 South Place, London EC 2M 2PR. Tel: 01-628-3504, 7. Telex: 888278. Cable: TYEHUABANK.  
New York: 1 Bankers Trust Plaza, Suite 2712, New York 10006. Tel: 212-775-0560. Telex: 23265. Cable: TYEHUABANK.

**Isvelmer**  
THE 25th FINANCIAL YEAR

The meeting of the shareholders of the Isvelmer Endowment Fund - Institute for the Economic Development of Southern Italy - has approved the balance sheet for the financial year 1978 which is summed up in the following figures:

**BALANCE SHEET AS AT 31st DECEMBER 1978 (US \$)**

ASSETS		LIABILITIES	
Available funds	139,612,591,339	Endowment fund, reserve	
Loans and credits	1,975,068,090,396	fund and fund covering	
Shareholdings	4,338,656,253	all risks	360,493,616,365
Security investments	158,470,692,770	Debenture loans	1,495,192,537,278
Other entries	205,347,067,118	Advances by the Treasury,	
	2,482,837,097,876	CASMEZ, medium-credit	
		Institution and BEI	380,052,657,388
		Foreign currency loans	87,913,612,534
		Reserve fund and sinking fund	32,420,779,624
		Other entries	133,014,077,047
		Net profit	13,749,787,640
			2,482,837,097,876
Obligations to third parties	1,005,025,127,695	Obligations to third parties	1,005,025,127,695
Suspense accounts	203,570,772,192	Suspense accounts	203,570,772,192
	3,691,432,997,783		3,691,432,997,783

- Isvelmer carries out its medium-term credit activity, both at low interest and market rates, in Southern Continental Italy, by the following operations:
  - At low interest rates
    - 15 year maximum loans for the realization of construction enterprises, reactivation and enlargement of industrial plants.
    - Business financing.
    - Operations on medium-term credit derived from export of merchandise or services
  - and from execution of work abroad.
    - Naval credit for construction, transformation of ships and purchase of craft already in service abroad.
    - Tourist credit for hotel trade.
  - At market rates
    - 15 year maximum loans for building, modernization or enlargements of industrial plants.
    - Subsidies and 7 year maximum exchange discounts.
  - 3 year cash credits.
  - Discounts and advances by regular proxy on yearly instalments due from the State, the Districts, the Provinces, the Municipalities, the Unions and from other public bodies.
  - Subscription of bond loans upon issue.
  - Contingencies and advances on State bonds, securities, as well as discounts on ordinary Treasury bonds.
  - Other operations provided by particular provisions of the law.

**Isvelmer**

Institute of public law for the working of medium-term credit in the continental South. The endowment fund, the patrimoniai estates, the reserve fund and the rotation fund amount to 411 thousand million Italian lire.

Head office in Naples: Via Nuova Marina - Tel. 785311 - 5 p.

Agencies: Rome - Via F.lli. 1 - Tel. 669.025 - 8.440.718 - 8.240.229  
Milan - Via Turati, 29 - Tel. 6.571.251/2 - 850.682  
Paris - Via Emilia, 14 - Tel. 291.163 - 277.108/7/8  
Bari - Via Michelangelo Sironio, 23 - Tel. 540.600/1/2 - 540.823  
Catanzaro - Via Tommaso De Filippo - Parco Millelioni - Tel. 53.111/2/3/4  
Campobasso - next opening



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## COMMUNICATIONS

### Total test for mobile radios

REPLACING over half a dozen instruments in the mobile radio service workshop (fixed or mobile) is the CE-50A field service monitor, a comprehensive portable test set combining all the necessary instrumentation for fault diagnosis, alignment and functional checks on hf, vhf and uhf communications transmitters and receivers.

Selling for about £5,500 in the UK, the unit could result in a cost saving of about five to one in cases where a new workshop is being started from scratch. Apart from this the instrument obviates a mass of connecting cables and can considerably speed up servicing activity.

Measuring only 250 x 250 x 46 mm and weighing 17 kg,

the CE-50A can operate from the mains, external vehicle battery or from internal nickel cadmium batteries.

It consists basically of a synthesised signal generator spanning 100 kHz to 1 GHz with well suppressed spurious emissions, an audio synthesiser (10 Hz to 10 kHz), a dc to one megahertz oscilloscope, and a receiver able to conduct sensitivity measurements to the usual standards.

In the receiver mode the unit can accurately measure transmitter frequency, depth of amplitude modulation and frequency modulation deviation, from transmitters the equipment can measure power outputs up to 100 by direct connection through an absorption wattmeter.

Frequency stability of one part in one million is offered as standard, or oven stabilised crystals are available to order.

More from the makers, Cushman Electronics, Thomas Mercer, Eyewood Road, St Albans, Herts AL1 2ND (0727 53313).

## HEATING

### Close control of burner

BURNER components division of Danfoss has improved its burner controls for large heating applications where damper control is coupled to oil control.

Type BH025, for use with two stage start and high low operation.

Both it and the BH21 combine an established thermal timer with a new electronic timer to ensure high stability.

Type BH025, for use with two stage start and high low operation. The unit can be used with burned oil flows over 35 litres/h over a temperature range of -25°C to 70°C.

These controls are approved for use on burners of any capacity meeting the requirements of ISO 3544 and the national standards based on it.

and for use on burners to DIN 4787. They are also approved for use on static hot air ovens (WLE) in Germany, in accordance with DIN 4791.

Operating on the photo-resistor principle, BH021 and BH025 carry out a pre-start check to determine that light is of sufficient level to influence safety on flame failure, the photo circuit being designed so that short circuit of the leads or cell, before or during running, causes lock-out. Oil release is, therefore, prevented if a defect occurs in the photo circuit, in the event of false illumination or flame failure during start or operation. Rated voltage of both units is 230V, 50Hz, with a working range of 187-264V.

Danfoss, Perivale Industrial Estate, Horsenden Lane South, Greenford, Middx: 01-988 5040.

## DATA PROCESSING

### Big machines built from micros

NOT MANY users of medium to large computers have ever been concerned as to how their designers coped with the intimate organisation of the central processing units. Put in another way, designers were at liberty to use fly buttons or silicon chips, at random, provided the end-result was something which would do the job it was intended to do and do it without costly breakdowns.

But the landscape has changed radically in the last three years or so. "Micro" is the name of the game and many of the predictions have been made as to how the micro was going to take over in the vast areas of industry, including computing.

Nothing has happened until now, at least in conventional large processors, to show that the times were catching up on traditional computer builders. However, Univac has taken the plunge and done a great deal more than the "repackaging" that most of the other companies in the competition have been guilty of since IBM launched its latest machines.

The company's 1100/60 series of machines is a complete departure, so far as the central processor is concerned, from anything that has gone before in that the processor itself is built up largely from an array of 36 powerful bit-slice micros, which will not only do what the dedicated logic chips of preceding models would do, but a great deal more besides.

Now it would not be true to say that Univac is the first to do this kind of radical change-over in design techniques. A number of entrepreneurs in the U.S. have linked together groups of 32 to 64 standard micros and by some clever programming made them perform at least as well as certain processors—such as the 370/158—albeit at one-thousandth the cost. But Univac is the first of the majors to produce equipment based heavily on micros, which will have to go into sites run by dedicated Univac users, and also displace competing equipment from other sites. And we bet Univac if it has got its sums wrong.

At the launch conference, Univac spokesmen were somewhat reticent as to cost-effectiveness and one must take their word on the absence of comparisons with the competition at face value—that there were no multiprocessor possibilities, either in IBM or ICL, that started as low in price as those available within 1100/60. Be that as it may, the basic smallest layout machine in the new series would cost about £400,000. The most powerful naked dual processor would be about £900,000.

Bill Reid, the Univac managing director, claims that the company in terms of processor power installed is now number 3 in the UK and expects to advance from its current market share of some 15 per cent to around 20 per cent in three years, mainly on the back of the 1100/60, as well as the new DCP 40 communications processor, also announced.

But to return to the new micro-based processor—one of the advantages is that it has allowed designers to "split" instruction processing into two

paths, comparing the results and—if these do not tally—try again. Such a procedure, makes for much surer working with far fewer faults.

Univac is assigning a major market capture task to this new central processor, which comes in six options including two dual arrays, namely to attack markets in a huge range of equipment starting at under the power of an IBM 4341 and extending beyond the 3082. The inference is that, with four years' work on the unit behind the company's development centre, the latter has learned something competitors either do not yet know, or do not want to know.

And one thing that long-time Univac users will want to be assured of is that the new equipment uses the same operating system as was first written for the 1108 machine as far back as 1965. At their request, Univac is unbundling the new unit.

Further from Sperry Univac, Remington House, 65 Holborn Viaduct, London EC1P 1AB. 01-236 1010.

### Organising the work on the shop floor

ICL, which to date has restricted most of its factory terminal sales effort to the UK based upon systems inherited from Singer, is now to attack Europe and the rest of the world with the 9600 series, aimed mainly at companies with turnovers in the "few millions of pounds" region.

The market remains considerable because, according to ICL, there are only about 3,000 terminals of this kind operating in the UK (perhaps 100 systems); the world market by 1982 is expected to reach 18,000 terminals.

Basically a keyboard, simple visual display unit and two readers, one for personnel badges and the other for job cards, the 9600 can provide up-to-the-minute information that is vital to production and engineering management in both batch and jobbing factories, and in the larger maintenance undertakings. It

enables essential production data to be immediately collected and validated, when and where it arises, and made available to management and production departments, when and where it is needed.

When, for example, a machine operator uses the 9601 shop floor terminal, he will find it displaying the time of day and a set of ten transactions, numbered, from which he chooses the item he needs. This menu can be programmed to suit the type of business but might include such events as "completion of job," "on waiting time" and "change of job." He depresses the corresponding button, say number two for "job complete," and then is told to insert his job card, insert his own badge, key in the job number, and similarly enter the number of components/assemblies involved.

All the data goes immediately into store, and can be retrieved as total updated information, by appropriate people in appropriate places.

Another terminal version, the 9605, is used for "clocking in," the employee using his personal badge. It can handle 40 people per minute, immediately updating employees' records.

Both terminals are robustly constructed, with big, bright displays. The 9601 screen can show 240 1/2-inch high characters and ICL can provide it to work in many different foreign languages. Keyboard is of the sealed pressure-sensitive type, ideal for factory environments.

Two controllers are offered for the system. The larger is the 9635, based on the System Ten 220 computer, and able to support 160 terminals in real-time, updating files on line and able to handle up to 20 different jobs simultaneously. The other controller is based on the ICL

1500 minicomputer and can control up to 24 terminals.

Software is called Industry 2, derived from ICL's earlier factory systems, and is such that a full range of user-specified transactions can be programmed and made operational in a matter of days.

An important aspect of Industry 2 is that it allows each 9601 terminal to have its own subset of transactions (ten out of a total of 100).

The company says it has already received orders worth over £1m for 200 of the terminals and associated controllers, from manufacturing companies in the U.K., France, Holland, Spain and Switzerland.

ICL is at Putney, London SW15 (01-788 7273).

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## ENERGY

### Boilers can be kept at their peak

OPERATING boiler installations in industry at other than their optimum level is rapidly becoming a fact of practice in cost terms and according to AEW Energy Walworth Industrial Estate, Andover, Hants SP10 5AV (0264 61331), average savings of 3 to 5 per cent can be made in fuel consumption, sometimes rising to as much as 20 per cent.

The requirement, says the company, is to be able to obtain accurate data on boiler carbon dioxide and temperature in the flue and to carry out a portable electronic instrument for the purpose that can be easily moved from site to site.

A continuous metered sample of flue gas is drawn in by a small motorised pump and after condensation through a filter and through a thermal conductivity analyser cell to give a carbon dioxide reading on a meter. Flue gas temperature is measured at the same time by a separate thermocouple probe next to the sampling probe. Ranges are 92 to 1,000 deg. F, and zero to 20 per cent carbon dioxide.

The unit measures 8 x 10 x 8 inches and weighs 15 lb.

## MATERIALS

### Tape sticks under water

SEALANT USED in a new tape from 3M Industrial Specialties Group is an oil-modified elastomeric rubber resin which is strip-coated on to a "relaxed" plastic film backing.

Adhesion to almost any substance is claimed including wood, concrete, bitumen, wax-treated cloth, steel and even the known difficult plastics such as PTFE and polythene. The tape also performs well when submerged—it can be applied under water—requires little or no surface preparation and has been demonstrated to adhere even to highly oiled metals.

Sealing properties are retained over a -70 to +50 deg C temperature range and apart from use with water the tape is also recommended for applications that might involve acids, gases, or dust.

Known as Varistate SJ-8060X, the tape is liner-less and therefore easy and clean to apply. It is available in 17.4 metre (57 ft) lengths and 17, 102 or 152 mm widths. Peel-back values between 15 and 50 psi have been obtained in tests.

More from 3M House, Bracknell, Bucks RG12 1JU (0344 58273).

## Wang builds dual-role machines

EQUAL in throughput to an IBM 370/158 but still a true minicomputer and priced accordingly is the claim for the VS 100, latest addition to the virtual storage family of processors from Wang Laboratories.

Additionally the VS 100 is capable of executing the full complement of Wang word-processing software.

Wang has taken this step with its new networking systems because, in most medium-to-large scale organisations, there are usually three separate functions: a central data processing function; departmental data processing; and a document/text editing function. These are often supported by separate vendors and this can limit growth, expansion and integration of an individual system within these functions. With a single system that can execute data processing as easily as word processing and vice versa, system growth and expansion problems are eliminated, Wang asserts.

Pricing of the VS 100 in the U.S. will begin at \$69,000 for 256K of main memory and two language compilers, with initial deliveries for July, 1980.

Meanwhile, several new word processing products have been introduced to consolidate Wang's position as the world's largest supplier of CRT-based word processing systems.

Additions include two new office information systems: a basic software package; a forms management package; a twin head daisy wheel printer; and several telecommunications options.

OIS/145 is the biggest machine, driving 32 peripherals, including up to 24 workstations, intelligent image printers, type-setters, OCR readers, card readers, telecommunications and twin-head printers. Storage of up to 114,000 pages of data is available in the basic model.

The company is thus expanding the capabilities of both its product ranges, which are gradually merging, in response to pressure from business users.

## LUBRICATION

### Protecting drive chain

WORKING LIFE of exposed and semi-exposed drive chains on all types of industrial equipment can be extended by the use of Linklyfe, an improved lubricant from Filtrate, in aerosol form.

This has stronger adhesion to the chain, providing a longer effective life for its other improved characteristics. It is highly water repellent, prevents corrosion, is non-corrosive to all metals and, with colloidal graphite and molybdenum disulphide additives, has powerful and lasting lubricating properties.

To apply Linklyfe, the chain is sprayed from the aerosol can. This removes the dirt and replaces it with clean lubricant. A tenacious film penetrates the link effectively and covers all moving surfaces. Linklyfe is suitable for chains with steel or alloy links.

Filtrate, P.O. Box 67, Filtrate Works, Kidacre Street, Leeds, LS1 1LS. Tel. (0532) 450773.

**Be in control with**  
**THORN**  
**AUTOMATION**  
Rugeley, Staffs, England  
Controls for industry

## SECURITY

### Padlock is unpickable

HIGH security padlocks, based on new technology, are offered by Zemed Matachot, and application of this design to other types of locks is expected in the near future.

The mechanism is based on a four-tongue locking action. Insertion of a flat key with sloped indentations open the lock; its withdrawal re-locks it. More than ten million different combinations are possible.

Five keys and an identification card come with each lock. At present, keys can only be duplicated at the factory on presentation of the card. In future, however, this service will be available in many centres.

One of the advantages is that keys need not be turned in the lock, and therefore are not subject to bending and breaking. The strong construction of the padlock protects it against violent attack and it is completely immune to conventional lock-picking practices.

A special version is available to protect vehicles against theft. A long steel shaft grasps the clutch or brake pedal, whilst a lock and shackle hold the steering wheel firmly.

Zemed Matachot, 65 Harkaway Street, Bnei Brak, Israel.

## PLASTICS

### New drum factory

HARCOSTAR of Huntingdon, Cambs., part of the Butterfield-Harvey Group, has announced that it is to invest £1m on plant for the production of L-ring drums. The latter will be manufactured to the Chemical Industry Association's recommended dimensions of 922 mm high and 573 mm diameter.

L-ring drums are so-called because they can be rolled on the chimes which are moulded as L-shaped sections. They can also be rolled horizontally and lifted by most types of drum handling equipment.

An order has been placed with Kasper KG of West Germany for a blow moulding machine to produce the drums under licence.

## While you're flying, our Cabin Staff is walking millions of kilometers.



You are sitting down, relaxed and comfortable. But take a look at our Cabin Staff. Every day, about 40,000 people choose Iberia. Our stewards and stewardesses do a lot of walking to give each passenger the kind of service that traditional Spanish hospitality demands. They walk about 5 kilometers on board the Madrid-New York flight, for example.

And since they know that your opinion of Iberia depends on the way they do their job, they all agree: they want to improve all the time.

So their training is hard. They have to be concerned about your comfort, give you the courteous, personal service you expect from a Spaniard... in other words, to treat you as a guest.

Smile at them. They deserve it. And, next time you fly with us, you'll notice that they try even harder.

This is Iberia today. But we want to be better.



MORE THAN 50 YEARS MAKING FRIENDS.

## How to pick a winner

Why spend £3,000 on a humdrum new car when you can buy an elderly one of quality and character for one third as much? This month's comprehensive Buyer's Guide to Elderly Saloons looks at interesting post-war saloons that could appreciate in value.

In our "Cars to Keep" series we investigate the Rover 3500S and Triumph TR44 and Stirling Moss describes his comeback to competition in the Maserati 250F.

Other features include:

- Tiny Terrors—MG and Austin record breakers of the 30's
- Shooting across the States by Rolls Royce on the Cannonball run
- Monte Carlo Rally scandals revealed
- Hairy Motor! The fascinating story of the Lotus Corda
- Going, going... the auctioneer scene from the inside

**Old Motor**

**COLD STORAGE HOLDINGS LIMITED**  
Annual Report and Accounts for the year ended 31st January, 1979.

**SALIENT POINTS FROM THE ANNUAL ACCOUNTS AND THE STATEMENT OF THE CHAIRMAN, MR. S.R. PARKER, TO BE PRESENTED AT THE ANNUAL GENERAL MEETING OF THE COMPANY IN SINGAPORE ON 23rd JUNE, 1979.**

Group Turnover	S\$165,700,000	(previous year S\$193,500,000)
Profit before taxation	S\$18,193,000	(previous year S\$21,897,000)
Dividend Distributions		
Interim 4.5 Malaysian cents, paid 11th December 1978		
Proposed Final 6 Malaysian cents, payable 25th June 1979		
Total dividend amounts	S\$7,122,000	(previous year S\$7,122,000)

**GROUP ACTIVITIES**  
Reduced contribution to profits during the year from dairy, beverage and supermarkets divisions, whilst bakeries, ice manufacturing and meat processing showed improvement. New Zealand operations increased their contribution but United Kingdom and West Australian activities did not achieve their planned levels of profitability, and losses continued in Indonesia. Following recent review of policy, Board decision to dispose of its 24.5% investment in Indonesian associate.

**NEW DEVELOPMENTS**  
New ice cream plant at Sabah expected to reach its required profit target in current year. New ice cream plant under construction in Butterworth will be completed this year. Planning approval received for bakery, meat processing and U.H.T. plants in Malaysia. Approval received in Singapore for development of substantial shopping centre and supermarket at Orchard Road site and further outline approval for shopping centre and supermarket in Holland Road. Shopping centre and supermarket also planned for Penang. Discussions continuing in Malaysia for participation by Malaysian interests in our processing operations.

**OUTLOOK**  
Foregoing new developments expected to prepare the ground for future upturn in profits. First quarter's profits ahead of profits for corresponding period last year, but annual forecast premature in view of economic uncertainties arising from oil price rises and general inflationary cost trends.

**DIRECTORATE AND MANAGEMENT**  
Board re-elected the dear Sir, F.M.D. Jackett, on 30th January, 1979, who served as a director since 1972. Deputy Chairman and Chief Executive, Mr. M.V. Qule, to retire on health grounds. Mr. V.S. Dalgaard, currently Group Deputy General Manager, to succeed him as Chief Executive from 1st July, 1979.

A copy of the Company's annual report and accounts is available upon request to the Secretary, Cold Storage Holdings Ltd., Empire Dock, Singapore 0409.



# APPOINTMENTS

## Insurance Manager

c. £10,000 p.a. tax free plus

Our client is a fast growing independent company based in a congenial part of the Gulf Peninsula and providing a full broking and issuing service in both marine and non-marine businesses to important commercial, industrial and government clients. The company has underwriting facilities and technical support from a substantial U.K. group.

The manager will be completely responsible for the day-to-day running of the company, maintaining existing clients and developing profitable new business from a well established foundation.

The need is for a proved manager, who has gained a professional qualification and at least ten years experience in insurance companies/broking and possessing a sound know-

ledge of underwriting, surveying and claims settlements in all classes of insurance. Experience in the Middle East would be a distinct advantage.

A starting salary of around £10,000 p.a. tax free will be negotiated and there will be an excellent package of other expatriate benefits.

Please write, in confidence, giving full but concise details of age, qualifications, career history and salary progression to date, stating the names of any organisations to whom your letters should not be sent.

T G West, Managing Director (Ref: 453)

## Whites

Whites Recruitment Limited 72 Fleet Street, London EC4Y 1JS  
Offices: Bristol, Glasgow, Leeds, London, Manchester and Wolverhampton.

## ACCOUNTANT BERMUDA

REF. 40934  
Major Insurance Group requires a Chartered Accountant for their Bermuda office. Excellent conditions of service. Age group 27/35 years.  
SALARY \$19,000 PER ANNUM  
Please telephone in confidence  
**TREVOR JAMES**  
I.P.S. GROUP  
(Employment Consultants)  
01-481 8111

## MONEY BROKERS

Sterling/Foreign Exchange  
A few of our current assignments are listed below. Candidates for these vacancies should have two years' dealing experience in banks or financial institutions.  
**LOCAL AUTHORITIES**  
DEALER to £15,000  
INTERBANK BROKER £10,000-£12,000  
SPOT/FOREX BROKERS for Middle East and Latin America  
Please contact:  
**BRIAN GOOCH** or **SOPHIE CLEGG**  
01-623 1266  
**JONATHAN WREN**  
BANKING APPOINTMENTS

# International Managing Director

Tyzack and Partners, who have been retained as advisers, invite nominations and applications for an appointment as chief executive to direct a major sector of a highly successful London based, international group. The company manufactures and markets a wide range of quality consumer durables and consumables. Group turnover approaches £300 million.

- THIS CRUCIAL APPOINTMENT demands an outstanding record of profitable achievement in the management and development of large scale manufacturing and marketing operations in the consumer sector of industry.
- THOSE who are equipped to undertake this appointment will already be earning a high five figure salary. Terms will be designed to suit personal circumstances.

Those who might wish to submit a nomination, or to whom the appointment is of interest, are invited to write in complete confidence to K. R. C. Slater at

## TYZACK & PARTNERS LTD

MANAGEMENT CONSULTANTS  
10 HALLAM STREET LONDON W1N 6DJ

## COMPANY NOTICES

### ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

#### DIVIDEND NO. 100 ON PREFERRED STOCK

Dividend No. 100 of three per cent for the six months ending June 30, 1979, has been declared payable on August 3, 1979, to holders of the six per cent cumulative preferred stock who are registered in the books of the Corporation at the close of business on June 29, 1979, and to persons presenting coupon No. 101 detached from stock warrants to bearer. A notice regarding payment of this dividend upon presentation of coupon No. 101, detached from stock warrants to bearer will be published in the Press by the London Secretary of the Corporation on or about June 15, 1979.

The stock transfer registers and registers of stockholders will be closed from June 30, 1979, to July 13, 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about August 2, 1979.

Registered stockholders paid from the United Kingdom will receive the United Kingdom currency equivalent on July 24, 1979, of the rands value of their dividends (less appropriate taxes). Any such stockholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries on or before June 15, 1979.

The effective rate of non-resident shareholders' tax is 14.662 per cent.

The dividend is payable subject to conditions which can be inspected at the Head and London offices of the Corporation and at the offices of the Corporation's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001, and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 5EQ.

By order of the Board  
**J. T. GOLDFINCH**  
Managing Secretary  
London Office:  
40 Holborn Viaduct  
EC1P 1AJ  
Head Office:  
44 Main Street  
Johannesburg 2001  
June 8, 1979

### COMPAGNIE FRANCAISE DES PETROLES S.A.

Capital Stock of F 135 862 750  
Head Office: 5 rue Michel-Ange, 75016 Paris  
R.C.S. PARIS B 542 051 180  
NOTICE FOR SHAREHOLDERS' MEETING

NOTICE IS HEREBY GIVEN to the Shareholders that they are to convene on Friday, June 29, 1979 at the Company's Head Office, 5 rue Michel-Ange, 75016 Paris, for an Ordinary General Meeting at 10.30 am, to discuss the following points on the Agenda:

- 1) Report of the Board of Directors on operations and Accounts for the year 1978; Auditors' Report.
- 2) Approval of said Reports, Accounts and Balance Sheet.
- 3) Income allocation and determination of dividend.
- 4) Appointment of one Director.
- 5) Approval of transactions covered by Article 101 of the Law Decree of July 24, 1966.
- 6) Setting of a redemption price for Class "A" shares until the next Annual General Meeting pursuant to Article 11 of the Statutes.

All shareholders who own one or more "A" or "B" shares are entitled to attend the Ordinary General Shareholders' Meeting, or be represented therefor by a proxy shareholder or by their spouses.

However, in order to be able to attend this Meeting or be represented therefor, the shareholders who own registered shares should be listed on the Company Registers five full calendar days before the Meeting is to convene. The shareholders who own bearer share(s) should, within the same timespan, deposit their Share Certificates issued by the bank, the financial establishment(s) or broker with whom the said shares are deposited, in one of the following establishments:

BANQUE DE PARIS ET DES PAYS-BAS,  
2 rue d'Amn, 75002 Paris  
CREDIT DU NORD,  
6 and 8 boulevard Hoegaumont, 75008 Paris

The Annual Report may be obtained together with the proxy statements at the London office of Banque de Paris et des Pays-Bas, 33 Throgmorton Street, London EC2N 2BA.

### AFRICAN AND EUROPEAN INVESTMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

#### PREFERENCE DIVIDEND

The dividend of 6% on three per cent for the six months ending June 30, 1979, has been declared payable to stockholders of the six per cent cumulative preference shares on August 7, 1979, to holders of the said shares who are registered in the books of the company at the close of business on June 29, 1979, and to persons presenting coupon No. 63 detached from stock warrants to bearer. A notice regarding payment of this dividend upon presentation of coupon No. 63, detached from stock warrants to bearer, will be published in the Press by the London Secretary of the company on or about June 15, 1979.

The stock transfer registers and registers of stockholders will be closed from June 30, 1979, to July 13, 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about August 2, 1979.

Registered stockholders paid from the United Kingdom will receive the United Kingdom currency equivalent on August 7, 1979, of the rands value of their dividends (less appropriate taxes). Any such preference stockholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer secretaries on or before June 15, 1979.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the Head and London offices of the company and at the offices of the company's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001, and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent, TN24 5EQ.

By order of the Board  
**W. G. NICOL**  
Company Secretary  
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED  
62 MARSHALL STREET, JOHANNESBURG  
JUNE 7, 1979.

### UNION DES BANQUES ARABES ET FRANCAISES U.B.A.F.

Loan of US\$ 25,000,000 1979/81

Borrowers of this loan are hereby informed that the rate applicable for the 6 month interest period ending June 30, 1979, has been fixed at 10%.

Coupon No. 7 will be payable as from December 5th, 1979, at the price of US\$ 55.60 equivalent to a 10% interest on US\$ 1,000 worked on the basis of US\$360/100.

THE FISCAL AGENT,  
Credit Lyonnais,  
Luxembourg.

### BEARER DEPOSITARY RECEIPTS

Following the DIVIDEND DECLARATION by the Company on 12 April 1979 NOTICE is now given that the following DISTRIBUTION will become payable to Authorised Depositors on or after 12 June 1979 against presentation to the Depository (as below) of Claim Forms (obtainable from the Depository) listing Bearer Depository Receipts.  
5.00 Cents  
Gross Distribution per Unit  
Less 15% US Withholding Tax 0.75 Cents



BEARER DEPOSITARY RECEIPTS

Converted at \$2.095  
= 10.02028639

### NOTICE OF RATE OF INTEREST

U.S. \$100,000,000 Guaranteed Floating Rate Notes Due 1994

### Citicorp Overseas Finance Corporation Limited

(Incorporated with limited liability in the British Virgin Islands)  
Unconditionally guaranteed by  
**CITICORP**

In accordance with the terms and conditions of the above-mentioned Notes and Agency Agreement dated as of March 5, 1979 between Citicorp Overseas Finance Corporation Limited, Citicorp and Citibank, N.A., notice is hereby given that the Rate of Interest has been fixed at 10% per annum and that the interest payable on the relevant Interest Payment Dates, namely September 10, 1979, against Coupon No. 2 in respect of U.S. \$1,000 nominal of the Notes will be US \$27.91.

June 8, 1979  
By: Citibank, N.A., London, Agent Bank  
**CITIBANK**

### ARNOTT & CO. DUBLIN LIMITED

NOTICE TO ALL STOCKHOLDERS  
In view of the continued postal delays it has been decided to postpone the Annual General Meeting to a later date. The Board has decided to pay a second dividend of 7.5 per cent ordinary stock unit in lieu of the recommended dividend of 7.5 per cent ordinary stock for the year ended January 13th 1979.

Stockholders who have mandated their dividends will be paid as usual via their designated banks or savings banks to the designated bank or savings bank at the following address: The Midland Bank, Dublin 7, or at the Midland Bank, 152 Fleet Street, London, W.1, on 12 noon on June 27th.

Stockholders who have not mandated their dividends will be paid in cash by cheque or by the postal service, whichever is preferred, in accordance with the terms of the present Regulations.

The Board of Directors, in accordance with the provisions of the Companies Act 1963, has decided to pay a second dividend of 7.5 per cent ordinary stock for the year ended January 13th 1979, in lieu of the recommended dividend of 7.5 per cent ordinary stock for the year ended January 13th 1979.

For the purposes of the present Regulations the Annual General Meeting of the company will be held at 44, Main Street, Johannesburg, on Friday, July 20, 1979, at 10.30 am.

By order of the Board  
**R. V. C. ASHWOOD**  
Company Secretary

### ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Registered Office: 62 Marshall Street, Johannesburg 2001.  
U.K. Transfer Secretaries: Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent, TN24 5EQ.

## PERSONAL

IN BEREAVEMENT—Send your tribute in a form that never fades with a guarantee to help fill the need. HILF THE AGED, Room 15, 32, Dover Street, London W1A 7JZ.

## EXHIBITIONS

GREENWOOD HOUSE ANTIQUES FAIR, Park Lane, W.1, 13 June, 9.30 p.m. to 11.00 p.m., 14-23 June, 11 a.m. to 6 p.m. Admission 50p. Closest Sunday Admission 25p. Including illustrated handbook.

# A FINANCIAL TIMES SURVEY

## ACCOUNTANCY

### JULY 3 1979

The Financial Times is planning to publish a Survey on Accountancy. The provisional editorial synopsis is set out below.

**Introduction:** The accountancy profession is nowadays pre-occupied with the questions of standards. These have been issued by the profession for a decade, but increasingly the old order is losing credibility. The Watts Report outlines alternatives to the present system. Is it time the profession gave up the standards-setting role?

**Craving for Leadership:** Chartered Accountants still talk admiringly about the great leaders of the past. Many say there are no leaders of their calibre at the top of the profession or even in prospect today. Is this because the big firms are turning away from the professional Institute?

**Inflation Accounting:** The new Morphor proposals are out and the debate has started again. Will accountants ever agree on an inflation accounting system? Prospects for developing Morphor Mark II. Will the Government have to intervene again?

**Auditing — the Growing Credibility Gap:** An accounting academic was heard recently to regret that he had not stayed in the auditing profession. Certainly auditing is widely regarded to be one of the most lucrative franchises in Britain today. But what is the value of a watchdog which rarely barks?

**Company Accounting Policies:** Some of the less formal accounting policies adopted in company accounts during 1978-79. Currency translation, extraordinary items, inflation accounting adjustments in historic cost accounts are just some of the areas involved.

**Accounting Firms—the Big and the Small:** Are "big" and "international" no longer quite so attractive? The shape of the UK profession in the eighties.

**The Main Accounting Bodies:** Where is the Consultative Committee of Accountancy Bodies (CCAB) going? Are the Certifieds, and, to a lesser extent, the Cost and Management Institute, still playing the numbers game with their students?

**The Small Firm:** With something like 9,000 individual accounting firms in Britain there is clearly a demand for the small firm. What is business like these days? How much does tax work contribute to fee income?

**Education:**  
For further information and details of advertising rates please contact:  
**Michael Hills**  
Financial Times  
Bracken House, 10 Cannon Street, London EC4P 4BY  
Tel: 01-248 8000 Ext 588.

## FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

# Chairman

## Continental North Atlantic Westbound Freight Conference

The Conference  
• Consists of seven member lines.  
• Operates container ships from ports in northern Europe to the north-east coast of America.

The Post  
• The candidate will report to the Executive Committee.  
• In this challenging job he/she will be expected—  
— to chair the Conference meetings and implement their decisions  
— to keep close contact with the shippers and shippers' counsels etc.  
— to represent the Conference with the press and carry out general public relations work  
— to administer the secretariat.

The Candidate  
• Will be between 42 and 55 years of age.  
• May be of any European nationality, but must speak fluent English, French and/or German would be an asset.  
• Should have liner shipping experience with knowledge of the US trade and shipping laws.  
• Must be self-motivated and able to work independently.  
• Must be able to communicate orally and in writing.  
• Must, above all, be a person of authority.

Terms of Employment  
• Negotiable around £25,000.  
• Location: preferably London, but other places will be considered.

Please reply enclosing a curriculum vitae, which will be treated in the strictest confidence, and quoting reference 13.174A, to:  
**M I Webb-Bowen, Managing Director**  
**ORES INTERNATIONAL LIMITED**  
35-39 Maddox Street, London W1R 9LD  
Telephone: 01-629 4953



## GENERAL MINING AND FINANCE CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

DECLARATION OF DIVIDEND NO. 52 OF THE SIX PER CENT CUMULATIVE PREFERRED SHARES OF £2 EACH

NOTICE IS HEREBY GIVEN that dividend No. 52 of 3 per cent, equivalent to 9 pence per share, for the half-year ending 30 June, 1979, has been declared payable to holders of the six per cent cumulative preference shares of £2 each, registered in the books of the company at the close of business on June 29, 1979.

The register of preference share-warrants is available to shareholders who are registered in the books of the company at the close of business on June 29, 1979, or at the first day thereafter on which a rate of exchange is obtainable.

Non-resident shareholders whose registered addresses are outside the Republic of South Africa will receive their dividend by cheque or by the postal service, whichever is preferred, in accordance with the terms of the present Regulations.

The full conditions of payment may be inspected at the Head Office of the company and at the offices of the company's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001, and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent, TN24 5EQ.

By Order of the Board  
**L. W. HULPHREES**  
London Secretary

## COMPANY NOTICES

### NCHANGA CONSOLIDATED COPPER COMPANY LIMITED

INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA  
NOTICE TO HOLDERS OF 5% PER CENT CUMULATIVE PREFERRED SHARES

The directors of Nchanga Consolidated Copper Company Limited, in accordance with the provisions of the Companies Act 1963, have decided to pay a second dividend of 5% on the ordinary shares of the company for the year ended 31st March, 1979, in lieu of the recommended dividend of 5% on the ordinary shares of the company for the year ended 31st March, 1979.

By Order of the Board  
**M. SHANDAVU**  
Company Secretary

### ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

By Order of the Board  
**H. J. E. STANLEY**  
Company Secretary

## LEGAL NOTICES

### THE COMPANIES ACTS 1948 TO 1967

**BALDWIN ELECTRICAL CONTRACTORS LIMITED**  
NOTICE IS HEREBY GIVEN pursuant to section 285 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of **LEONARD CURTIS & CO.,** situated at 31-34 Bentinck Street, London W1A 3BA.

On Tuesday, the 19th day of June 1979, at 12 o'clock, midday, for the purposes mentioned in sections 284 and 285 of the said Act.

Dated this 31st day of May, 1979.  
By Order of the Board,  
**C. E. STONE**, Director.

### THE COMPANIES ACTS 1948 TO 1967

**DAVID BROCKDORFF LIMITED**  
NOTICE IS HEREBY GIVEN, pursuant to section 285 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of **LEONARD CURTIS & CO.,** situated at 31-34 Bentinck Street, London W1A 3BA.

On Friday, the 15th day of June 1979, at 12 o'clock, midday, for the purposes mentioned in sections 284 and 285 of the said Act.

Dated this 30th day of May 1979.  
By Order of the Board,  
**D. BROCKDORFF**, Director.



THE PROPERTY MARKET BY MICHAEL CASSELL

'New Dukes' take more land

THE PURCHASE by the Prudential of Sir Charles Clore's Guy's Estate in Herefordshire for a sum thought to be in excess of £20m, making it possibly the largest agricultural investment to have ever changed hands in the UK, highlights the growing role played by farms in the make-up of institutional property portfolios.

The deal, kept a well-guarded secret for about a year and which might have aroused the interest of half a dozen other institutions had they known the estate was available, included nearly 17,000 acres of agricultural land. The Fyfe moves in at the end of September.

There was a time not so long ago when investment in agricultural land was largely confined to the likes of the Church, the Charity Commissioners and Crown Estates, but in the last decade institutional interest has blossomed as the quest for well-spread portfolios has intensified.

Now, names like the National Coal Board Pension Fund, British Rail Pension Fund, Abbey Life (recently a big purchaser) and the Pension Fund Property Unit Trust (with a quarter of its £200m-plus portfolio in farmland) are just as likely to be active in the agricultural market. With major increases recorded in the value of agricultural land over the past two years, the farm content of most portfolios has performed very well.

But more significantly, according to people like Mr. Peter Caroe of Knight Frank & Rutley, one of the men behind the Clore deal, the potential value of UK farmland is immense. He points out that the prospects of a further, inevitable devaluation by Britain of the Green Pound, with the clear implication that it will improve the lot of the farmer and ultimately work through to affect the price of his basic commodity, can only enhance the attractions of agricultural land as an investment opportunity.

Green pound

Mr. Caroe claims that in Ireland, where Green Pound devaluation has been more substantial, average land prices have now risen to between £3,000 and £3,500 an acre while in England they stand at around £2,000 an acre for vacant land. In countries like Germany, Denmark and Holland, average prices per acre are running at anything from £4,000 to £5,500.

He does concede, however, that although the British farmer is among the most automated anywhere in the world, crop yield per acre is not the best, "largely because we still like our hedges and trees."

The institution, usually only interested in let land, has to look at agricultural investment in a different way. As Mr. Eric Chapman, chief surveyor to the Fru, said recently: "Compared

with the current 13 per cent on long-term gilts, the initial yield of perhaps 3 per cent on let farms is extremely low. But we believe the initial deficit will be more than overcome over the long period, by steady increases in the reasonable rents we can agree at the three-year reviews.

"I emphasise reasonable rents. The company does not wish to fix an excessive rent at the review only to find that genuine growth in rental value has merely been anticipated. We look for a secure and steady growing income over 50 to 100 years or more."

The (non-crop) yield picture has fluctuated significantly in recent years. In 1973-73 initial returns of 2 per cent or 3 per cent were accepted, rising to 4 per cent or 5 per cent in 1974-76 and now back down to around 2½-3 per cent.

According to Mr. Caroe: "The day will come when institutions are again buying at one per cent because their portfolio is out of balance and at a time when interest rates are a lot lower, when it is difficult to achieve higher rents elsewhere and when the general economy looks fairly sound."

At present, the vacant land market is very buoyant, with a lot more acreage on offer than a year ago but with demand outstripping supply. Prices are running at up to £2,200 an acre against £1,000 to £1,200 an acre two years ago. The market for let land is

much narrower, with the flood of investment opportunities originally created by sale and lease-back deals involving owners facing massive Capital Transfer Tax liabilities and starved of capital for fixed assets, now down to a more modest flow. Such deals are, however, still done, although with yields running at present levels the institutions—often the only people in a position to buy—are reluctant to do so.

Any forthcoming reductions in CTT would clearly reduce the sale and lease-back deals, a development likely to be welcomed by those who believe that, before long, British farms could all end up in the hands of the institutions or foreign investors.

In reality, that situation is still a long way off, as the impending Northfield report on the penetration and influence of those relative newcomers—"the new Dukes"—should show.

● Kingsgate House, the new Romulus Construction office complex in King's Road, Chelsea, has been fully let and sold to Sun Life Assurance for £4.2m, showing a yield marginally above 6 per cent. Penguin Books, a member of Pearson Longman International, has paid a rent close to the asking figure of £280,000. Jones Lang Wootton arranged the letting and the sale. Rogers Chapman advised Penguin and Bell Ingram represented Sun Life.

IN BRIEF

● The GLC has sold a 99-year lease on a 6.9 acre site in Hounslow to developers Second London Wall for a price reported to be well in excess of £300,000 an acre. The site on Hampton Road West is to be developed with a wide range of industrial units "to meet strong leasing demand in the Heathrow area." Bernard Thorpe acted for Second London Wall.

● Wyndham Investment, the property holding company of Allied Breweries Pension Funds, has bought Essex House, Southend for £3m. Developed recently by Solon Investments, a Keyser Ullmann subsidiary, and let to the Joint Credit Card Company (better known as Access) for 35 years, the initial £165,000 annual rent equates to a yield of just over 5 per cent.

● Confirmation this week that Horizon, the tour operator, has taken £2,000 sq ft of MEPC's Broadway office development in Edgbaston at an asking rent of £2.25 a sq ft.

At the same time a further 10,580 sq ft has also been let to W. G. Cannings and M & T Chemicals. MEPC says that only 11,400 sq ft remains available in the 162,000 sq ft building.

The asking rent for this is to be raised to around £3 a sq ft—further indication of the recovery taking place in the Edgbaston office market. Agents for Broadway are Grimley and Son, Haylock Inley and Edsall and Edward Erdman.

Call to the institutions

THE INSTITUTIONS should consider whether their investment criteria are too rigid when it comes to the financing of small unit industrial estates.

That, at least, is the view of Mr. Harold Crouch, a partner with Hillier, Parker, May and Rowden, who believes there is plenty of scope for good investment in this type of property, if only the pension funds and other financial institutions now searching for a place to put their money would rethink some long-held though not necessarily appropriate attitudes.

Mr. Crouch says that many small companies—now more than ever recognised as an important element in the nation's economic well-being—need a lot of help in obtaining suitable premises but that the institutions often fail to assist with the provision of badly-needed space, even if a financial appraisal shows a particular scheme to be viable.

'Not keen'

The institutions, claims Mr. Crouch, are not keen on true industrial premises—most investment properties in the sector involve warehousing or light industry—and demand is usually restricted to properties with a capital value of between £250,000 and £5m.

Investors, he adds, like estates close to motorways, prefer major cities and are only interested in estates with a limited number of units and a minimum area

of 3,000 square feet each. Emphasis is on quality of covenant, ease of management and prospects for rental growth.

In addition, they take a critical view of the standard of specification and have a strong preference for freehold property or leases of between 99 years and 125 years.

The trouble is, according to Mr. Crouch, that often nursery estates simply do not meet many of these requirements and that potential investors often exaggerate the problems involved in managing such developments.

Prospective purchasers also want a more attractive return on capital. Assuming that a development is completed and let, a first-class standard estate might command a yield of between 6½ per cent and 7½ per cent compared with 8½ per cent for a new nursery development. Mr. Crouch, who was helped in his research by Peter Sellers of Leicester agents Ailcock Sellers, Gordon Smith and Andrew Twelves of Eadon, Lockwood and Riddle, points out that the general availability of full finance for traditional industrial-warehouse developments, sometimes even on a speculative basis, only accentuates the difficulties of investment in nursery units, which are rarely pre-let. If an investor can be found to provide finance, he will require a further improvement in yield to reflect the risks taken.

The problems of small unit development can sometimes be mitigated by partnership schemes with local authorities or new town corporations, with the authority taking an over-riding leaseback of the entire development and being responsible for management and lettings. Although this type of arrangement can increase the marketability of the estate to investors, there may be a conflict of interest between authority and investor, while the authority's prime concern may be in making space available for new or expanding companies, the investor wants the best rents at all times. Clauses can be inserted in the leaseback to try to deal with the problem, but the partnership can be an uneasy one. So although the dearth of good property investment opportunities may have stimulated some interest in the nursery estate, they look set to command limited interest among investors—whatever their strategic importance in terms of the national economy.

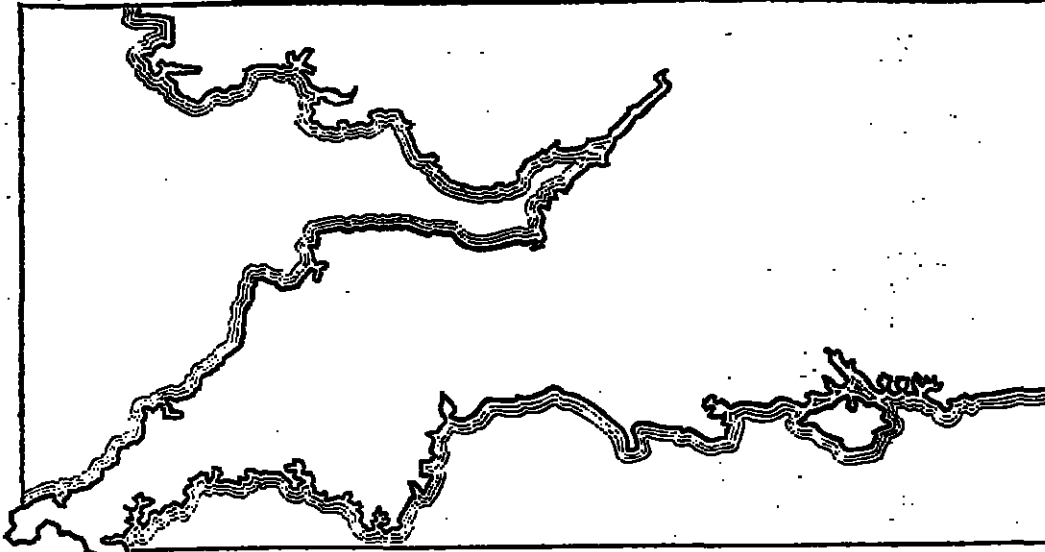
● Floor (Great Britain) the new tenants at Euston Square, has disposed of 170,000 sq ft of office space in six buildings which previously housed its London operations. Only the second floor of Blackfriars House, New Bridge Street, E.C.4, remains to be let—the asking rent is £11 a sq ft. White Druce and Brown acted for Floor.

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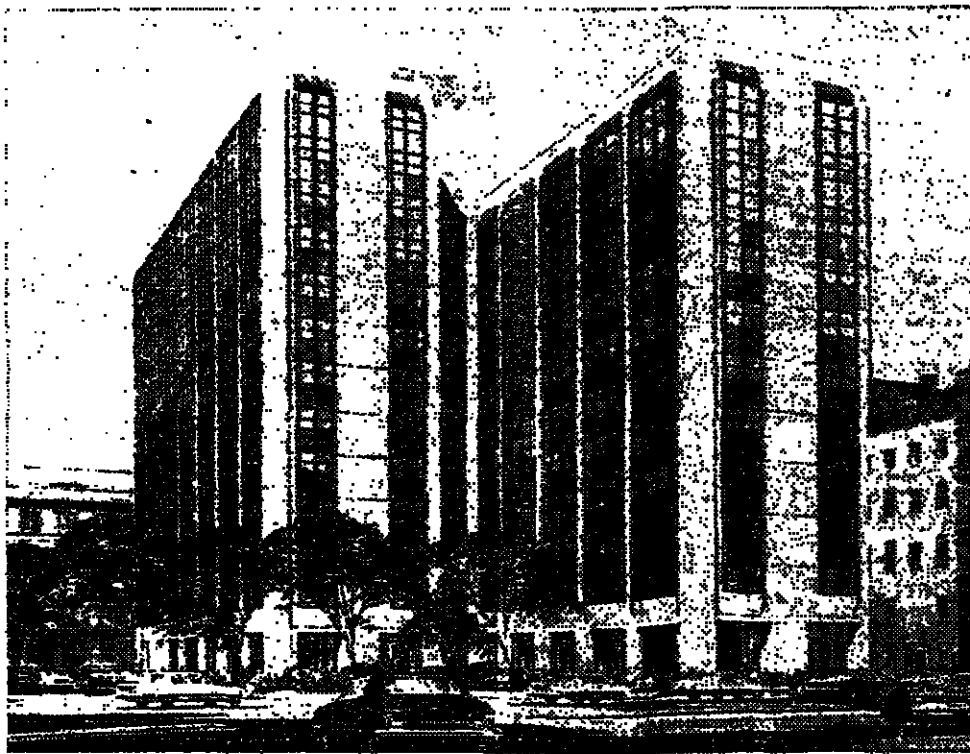
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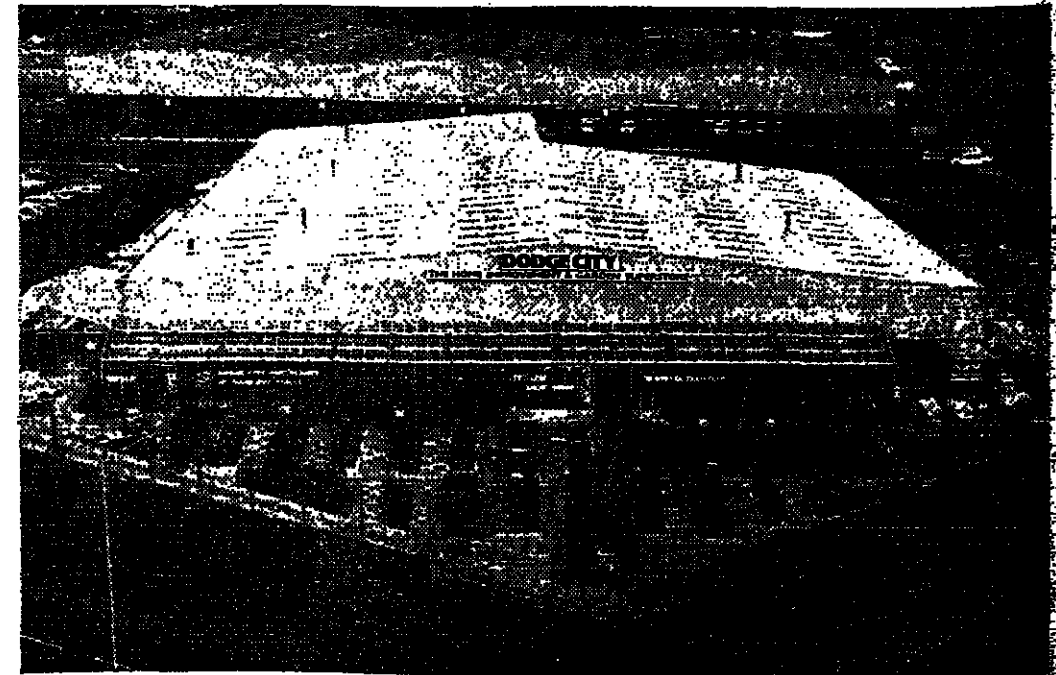
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APPOINTMENTS

K. G. Corfield is chairman of STC

Mr. Kenneth G. Corfield has been appointed chairman of STANLEY TELEPHONES AND CABLES and continues as managing director.



Mr. N. E. H. Wade has been elected chairman of the ELECTRIC VEHICLE ASSOCIATION OF GREAT BRITAIN.

Mr. Malcolm Hoppé has been appointed deputy director (editorial) for AIMS, the Free Enterprise Organisation.

Mr. Michael L. Hepher has been appointed deputy managing director and director, operations.

Mr. L. R. Mann is to become chairman and managing director of VICTOR PRODUCTS (WALLS END) on July 1.

Mr. John James Naylor, director of engineering at NEEPSEND has retired from the board.

Mr. C. I. Luckhoo has been appointed secretary of the NATIONAL ASSOCIATION OF PENSION FUNDS.

Mr. Christopher Jenkin and Mr. John Shepherd have been appointed directors of P. S. MOSSE & PARTNERS.

Mr. Ian Norrington has joined the international department of GRIFFINSON GRANT AND COMPANY.

Dr. David R. Lockhart, chairman of FOOD INDUSTRIES will be promoted to chairman of its Trachon division.

Mr. Yasha Beresiner has been appointed a director of STANLEY HYDRAULICS.

Mr. Kenneth Corfield elected group vice-president of sales and marketing for CMC SHARE INC.

Vice-Admiral C. Rusby is to be deputy supreme allied commander Atlantic in succession to Vice-Admiral D. A. Loran.

Mr. John R. Hitch has been appointed managing director of PLESSEY HYDRAULICS.

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Following the acquisition by Rockwell International Holdings of more than 50 per cent of the issued share capital of WILMOT BREEDEN (HOLDINGS), Mr. M. D. Walker, Mr. R. W. Foxen and Mr. T. J. Connaughton have joined the Board of Wilmot Breeden.

Dr. David R. Lockhart, chairman of FOOD INDUSTRIES will be promoted to chairman of its Trachon division.

Mr. Yasha Beresiner has been appointed a director of STANLEY HYDRAULICS.

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BANK RETURN

Table with columns for Liabilities, Assets, and Issue Department. Includes sub-headers for BANKING DEPARTMENT and ISSUE DEPARTMENT.

BANCO DI NAPOLI

BALANCE SHEET

Table showing Balance Sheet for Banco di Napoli as at 31st December 1978.

At the General Meeting held in Naples on 28th April 1979, it has been adopted the Balance Sheet as at 31st December 1978 of the Banking Concern and the Special Credit Sections of Banco di Napoli that showed a net profit of 2,788 million lire.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Call for a national pay forum

ROY CLOSE, director-general of the British Institute of Management, this week made an impassioned call for a national pay forum to determine what the nation can afford to pay itself during the wage round.

Close had a small dollop of praise for the Clegg commission on pay comparability, as well as some advice. It was, he said, a step in the right direction, but was only comparing the private and public sector.

Close warned that the present task of the Clegg Commission was not a simple matter and that it must attempt to compare a number of things that are not easy to quantify.

Close warned that it would be "suicidal" simply to indulge in an unconstrained orgy of free-for-all bargaining which would send the recently hard won reduction in the cost of living soaring through the roof again.

JASON CRISP

Hazel Duffy explains why the example of its customers pushed a major U.S. farm machinery company into industrial equipment

How Deere found success beyond the farm gate

A FASCINATING battle is being waged among the top industrial equipment companies to become the established number two worldwide to Caterpillar's seemingly impregnable leadership. The John Deere company, probably the most successful agricultural equipment manufacturer in the world, is a relative newcomer to this field.

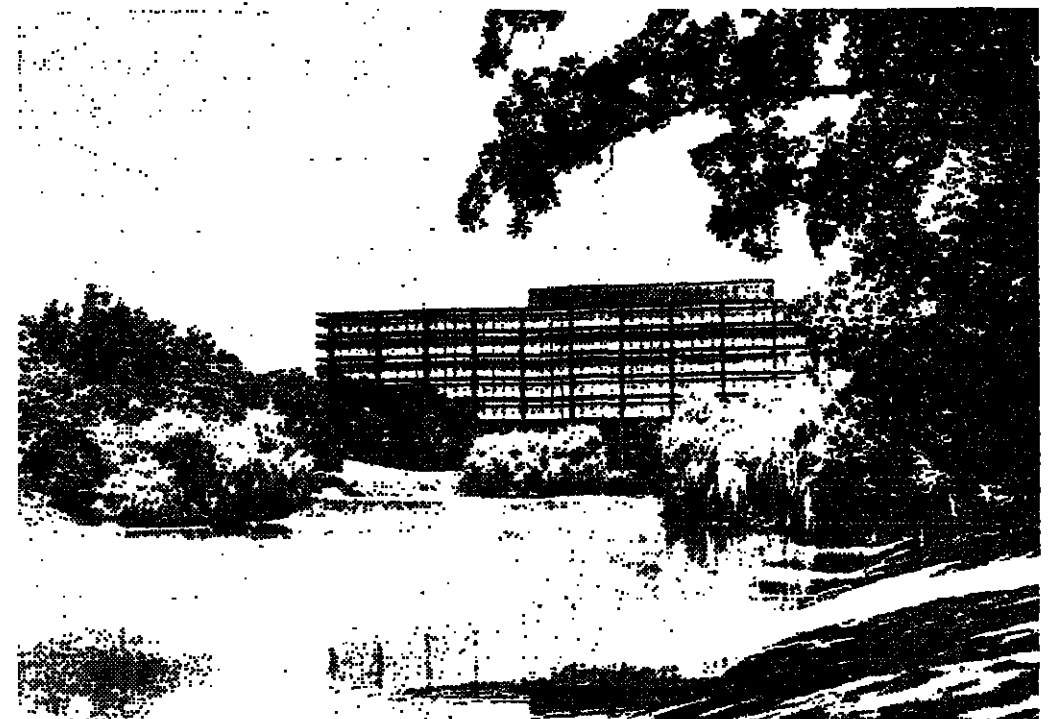
Market position in this industry is evaluated in a less sophisticated way than in the automotive industry, but is fought for equally fervently. In certain products—small crawlers and forestry equipment—Deere has established market leadership in the U.S.

Robert Gerstenberger, senior vice-president of product development, estimates it takes between three and five years, and costs \$10-35m. Mr. Cliff Peterson, the senior financial vice-president, looks at the overall cost in terms of sales revenue; the division has been spending at the rate of around 7 per cent of sales on development for the past 10 years.

Bombard

Product engineering is where it all starts, and much of Deere's success in rapidly building up market share has been because it has the right products. Like the automotive industry, industrial equipment manufacturers bombard their potential customers with all sorts of claims about technological innovation.

Much of the confidence that this could be achieved entirely by its own efforts can be attributed to Deere's position in agricultural machinery, plus the fact that this very successful mainstream activity provided the parent company with the cash to get industrial equipment launched in the first place.



Far removed from the heat and dust associated with its industrial equipment, the sylvan setting of Deere and company's award-winning centre in rural Illinois.

John Deere forged the first successful steel plough for the prairie soil back in 1837, on a farm near Grand Detour, Illinois. Ten years later, he moved the business to Moline, Illinois, to take advantage of the transport facilities offered by the Mississippi, and it is there that the group still has its headquarters.

His emphasis on architectural excellence will remain a legacy of which the company can be justly proud. Its tastefully designed administrative centre in Moline, is a refreshing departure from the natural run of smaller mid-Western towns.

Employees are told: "We believe that each employee would like to feel that his work is important, that he is on a good team, that he can take pride in his place and in his accomplishments, and that he can work out his career with satisfaction."

where it is," says a senior Deere director, "and we are working in the same direction." He admits that Deere still has a long way to go in catching up overseas with other established multi-national industrial equipment. In Europe, for example, it will require "a more aggressive approach than we have had to date," and probably some adaptation of its range of equipment to suit the European demand more exactly.

With the American economy expected to slow down later this year, Deere's growth targets will depend substantially on its success outside North America. It aims to expand by 20 per cent annually overseas for the next five years.

Several years ago Deere reached an advanced stage in negotiations for merging with the construction equipment interests of Fiat, which would have given it the stake in Europe which it is now trying to build up.

debt in the profitability of Deere's industrial equipment division. Out of a profit of \$86m last year, the overseas contribution was marginal. Peterson says the company is aiming at net profit margins on industrial equipment of between 7 and 9 per cent over the next decade, but agrees "we shall make it in the U.S. first."

Deere is not a company that has plunged head first into international markets. Although a well established name in farm equipment worldwide for many years, it did not set up factories overseas until later than its competitors in this field. In industrial equipment, it has only one factory overseas, and that is in France. At senior management level, the group was exclusively American until the recent appointment of Walter Vogel, a German, as executive vice-president.

Looking at the mistakes which have been made by some of the North American companies in over-extending their international commitments, the cautious approach of Deere can be seen to have been an advantage. But industrial equipment is an international industry, and Deere must succeed in these markets if it is to get the necessary volume of production.



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Where? Thinking about relocation. But where? You will have a set of views, opinions and prejudices about different areas of the country. This forms your geographical 'mental map' through which you sense the relationship of one place to another. But with so many carefully manipulated maps about, it's easy to confuse your 'mental map' with reality. We don't intend to confuse you. No manipulated map. Just straight talking. Quite simply Northampton's gazetteer reads: midway between London and Birmingham on the M1, close to the M6 junction and therefore within easy reach of most of the country. Indeed, 50% of Britain's industry and 57% of its population is within a 100 mile radius. The major sea ports of London, Southampton, Bristol, Immingham, Felixstowe and Harwich are all within a 100 mile radius. Birmingham, Luton and East Midlands airports are within 50 miles. Heathrow is about 70 miles away. An inland customs depot with full import and export facilities, ready-built industrial and commercial premises or full serviced sites, a wide choice of homes to rent or buy, good shopping, educational, recreational and entertainment facilities, as well as lots of open space, provide the infrastructure of this mature county town of regional influence. Northampton middle england character prosperity & growth for a straight answer contact Leslie Austin-Crowe BSc FRICS, Chief Estate Surveyor Northampton Development Corporation 2-3 Market Square, Northampton NN1 2EN 0604 34734



LOMBARD

A special role for Britain

BY JONATHAN CARR

CRITICISM from Mr. Anthony Wedgwood Benn is praise indeed: thus the heart of the new British ambassador in Washington, Sir Nicholas Henderson, must be swelling with pride...

It was to be expected that Sir Nicholas's analysis would bring charges really not far from saying that the man lacks patriotism...

Out of touch

It is, of course, Messrs. Benn and Owen who are out of touch if they really dismiss the picture of dwindling political influence linked to economic decline...

The almost inevitable result has been that intensification of the Franco-West German relationship to which Sir Nicholas rightly refers...

There will never be a cure for Britain if the fact of illness is not recognised. The real treason would be to suggest—once the sickness has been admitted—that there is not and cannot be a cure.

It could well be that Western Europe and the U.S. are steering towards one of the most difficult periods in their relationship—one in which mutual recrimination in the scramble for diminishing energy supplies could spill over into other fields...

Here indeed could be a historic task for Britain. Not simply to use greater imagination in dealing with its European community partners, but to act as a strengthened link between Western Europe and the U.S.

Sheerness itself again after 1960s decline

BY ERIC SHORT

THE MEDWAY has always been associated with the Navy Service since the foundation of the navy. Chatham and Sheerness were well known to sailors...

The Medway with dry dock facilities. This was advantageous in the old days for it meant that a ship could be brought in to the tide and inspected when the tide receded...



The potential of Sheerness was that there was deep water only 100 ft from the old frontage. The site itself faced Europe, and was also at the mouth of the Thames...

It has filled in the old wet basins and extended the frontage to the deep water. Sheerness Docks are now a deep water port, sheltered from most if not all the prevailing winds...

There has been no real shortage of customers to take advantage of the facilities offered. The expansion of trade with Europe was timely...

There has been no real shortage of customers to take advantage of the facilities offered. The expansion of trade with Europe was timely...

First, but not the earliest development, is the car and freight ferry facilities to Northern Europe. Started in 1972, there is a three times daily service from Sheerness to Flushing, Holland...

Sheerness has good road and rail links with London, though for the most part it means using the branch line to Sittingbourne on the main London-Dover line...

The docks now handle just under 100 tons of general cargo covering fruit imports from Israel and South Africa, meat

from the U.S. and forest products from Sweden, including timber pulp, and newsprint as well as timber.

The port is now the terminal for the wine tankers of Gonzalez Byass, of Tio Pepe fame. Gone are the days when wine was shipped by cask, except for the rare wines...

The authority has had to construct the necessary storage sheds for these goods. Originally, it used the existing dockyard facilities, but these soon proved inadequate...

Finally, Sheerness is used by certain Japanese motor companies to bring in their vehicles, including such names as Toyota, Honda and Mazda...

About 100,000 vehicles a year



A tasting of sherry on board ship before being unloaded at Sheerness Docks.

come into Sheerness and the motor companies have taken over large tracts of Sheppey, which is a flat somewhat marshy island, and made them into vast vehicle parks...

Why have these companies picked Sheerness in preference to the bigger ports on the Lower Thames. Basically, it is the good labour relations that exist in the docks and the quicker handling facilities offered...

The revival of the docks has meant that Sheerness and the adjacent towns of Minster and Queenborough have not experienced a

drift of population that would have accompanied a complete dockyard closure. As the time here was an alternative industry—the holiday and caravan camps at the other end of Sheppey would not have solved the problem...

Future development will depend on demand. At present the docks cannot handle container traffic, but they own the adjacent Lappel mudflats which tests have shown are suitable for building...

Should trade with Europe expand as forecast, then Sheerness is equipped to benefit.

Storm cancels Epsom card

EPSON'S SECOND day was abandoned yesterday after an hour's thunderstorm just before the first race was due to start...

Lady Beaverbrook, who has picked up so many worthwhile prizes at Epsom. He put up a particularly fine performance in last year's race, running on strongly to hold off a prolonged challenge from Fool's Mate.

Totowah has run well in both his races this season. He was third beaten by one and a half lengths by Bridesones and Dom Perignon, both of whom he was trying to concede a good deal of weight in the Ladbrokes Silver Trophy...

among the runners for the Windfields Sprint. It will come as no surprise to see at least half a dozen runners well there as the field meets the rising ground.

Lester Piggott, successful on 29 occasions here since the start of the 1974 campaign, had little going his way on Wednesday, and he is sure of a good reception if he can steer his brother-in-law's Aler to tomorrow's victory in the Woodbine Maiden Stakes...

RACING

BY DOMINIC WIGAN

Wales Today, 7.00 Heddiv. 7.30-8.00 Lena Zavaroni and Music. 8.00 Lena on Friday. 10.45-10.50 Regional, National News.

HTV West-Asas HTV General Service except 1.25-1.30 Report West Headlines. 6.15-6.30 Report West.

HTV HTV West-Asas HTV General Service except 1.25-1.30 Report West Headlines. 6.15-6.30 Report West.

TV Radio

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 1.15 pm News. 1.30 Heads and Tails. 2.02 For Schools, Colleges. 3.25 Telford. 3.38 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Hevvi. It's the King (cartoon). 4.40 We are the Champions. 5.16 Lasso. 5.33 Paddington. 5.40 News (London and South-East only).

BBC 2

5.55 Nationwide. 6.20 Nationwide. 7.00 It's a Knockout. 8.00 Are You Being Served? 8.30 Top Up, Two Down. 9.00 News. 9.25 Pontecelli. 10.15 Tonight in Town (London and South-East). 10.45 Regional, National News. 10.50 The Late Film: 'The Jester is Wild' starring Frank King. All Regions as BBC1 except at the following times: Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Cantilena. 10.45-10.50 Regional, National News. Wales—11.05-11.25 am For Schools (Let's Look at Wales). 1.30-1.45 pm Bys a Bawd. 5.55-6.20

Radio Wavelengths

BBC Radio London: 1 105.8kHz/225m 3 121.5kHz/267m 102.9kHz/225m 3 92.52.5vht stereo. Capital Radio: 1 104.8kHz/225m 104.8 & 95.6vht. 2 69.3kHz/433m 3 88.5kHz/330m 4 200kHz/1500m 5 92.9vht

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ENTERTAINMENT GUIDE

OPERA & BALLET

COLESHAM. Credit cards. 2.30 5258. Reservations. 326 3161. June 10. 7.30 Mat. 7.30. June 14 at 11.00. June 15. 7.30. June 16 at 11.00. June 17. 7.30. June 18 at 11.00. June 19. 7.30. June 20 at 11.00. June 21. 7.30. June 22 at 11.00. June 23. 7.30. June 24 at 11.00. June 25. 7.30. June 26 at 11.00. June 27. 7.30. June 28 at 11.00. June 29. 7.30. June 30 at 11.00.

THEATRES

ALBANY THEATRE. 01-936 7611. Previews June 14, 15, 16 & 18 at 7.30. Opening night June 19 at 7.00. In the World's Famous Farce 'THE MERRY WIVES OF WINDSOR' by Shakespeare. Directed by Peter Wood. Evening Standard Award.

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F.T. CROSSWORD PUZZLE No. 3990

A crossword puzzle grid with numbers 1 through 27 indicating starting positions for clues.

- 1 Dad's fur is just fair (8)
2 Airman dashed round and separated (8)
3 Judge fish with would-be nobleman (5)
4 Move very fast with bitterness going to work (6)
5 What secretaries do to reduce (4, 4)
6 A vocal inflexion right for expiator (6)
7 Forestal camper that is about Irishman (10)
8 'I can't I pry in bracket' (10)
9 Love and carry on—see? (6)
10 Cutlery has to finish in tender (8)
11 Transfer a southern symbol (6)
12 Wanting to accept learner but it's irritating (8)
13 Rumble in talk that's odd in German article (6)
14 One way to encourage fish (5)
15 Weed put into ground the Scottish own (8)
16 Source of dates and clear mixture (8)
17 Left constituent in act (8)
18 Team to produce an undesirable feature of some drugs (4-6)
19 Black-leg and poet together should cover the point (8)
20 End holding: arrow that may be engraved (8)
21 Conversation due to letting in one bad goal (8)
22 Nurse is sensitive to pain (6)
23 Skilled opinion producing nature on sin (6)
24 Male monster in female attire? (6)
25 Solution to Puzzle No. 2,399
26 Refined Poet admits it (6)
27 Carress a man in a boat (6)
28 Refer to Oriental with dull article coming up (6)
29 What Marathon runners should be and tedious speakers are (4-6)

BBC 2

6.40-7.55 am Open University. 11.00 Play School. 4.50 pm Open University. 6.55 A Child's Place. 7.30 Mid-Evening News. 7.50 Gardener's World. 7.55 Heads and Tails. 8.10 Chronicle. 9.00 All Creatures Great and Small. 9.30 Westminster. 10.15 Around with Allis. 10.40 Bullseye BBC2 Darts. 11.15 Late News. 11.30 'Adalen 31'.

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Japanito



THE ARTS

Cinema

Down for the fourth time

by NIGEL ANDREWS

Quintet (AA), Cinecena. The Left-Handed Woman (A), Camden Plaza. Painters Painting, ICA. Third International Avant-Garde Festival, National Film Theatre.

What on Earth is to be done about Robert Altman? Since Nashville, widely and rightly regarded as a masterpiece, Altman has been floating many ideas out to sea, going down the proverbial three times—

with Buffalo Bill, Three Women and A Wedding—and giving the impression in his new film Quintet that his fourth submersion has been fatal. The film is deeply mysterious, deeply, dreadfully tedious, and quite unlike anything one could ever have expected from Altman.

Enter, across a white and icy waste, a fur-wrapped Paul Newman trekking with his wife (Brigitte Fossey) towards screen left. As the credits roll, we follow the couple's approach to a strange settlement of wood-and-glass houses with whose equally strange inhabitants—dressed in Mediaeval costume with broad-brimmed hats and Renaissance beards and collures—they evidently have a rendezvous. The said inhabitants are sitting at a table, indeed several tables, playing a weird game with dice and bits of bone. We soon learn that this game is the titular "Quintet," that it is deeply allegorical, and that its multi-accented players (Vittorio Gassman, Bibi Andersson, Fernando Rey, Nina Van Pallandt, David Langton) are living out

in this frozen North some kind of symbolic Game of Death. Newman, the innocent abroad in this existential hothouse, looks as worried for most of the film as we, the audience. (We never discover quite what he is meant to be doing there.) Characters keep getting humped off, by daggers or explosions, and the dialogue bubbles spastically forward emitting such lines as: "Death is arbitrary. That is one of the chief objects of complaint about it." The time in which the story is set is deliberately vague—might be the past, might be the future—and Altman attempts a sort of dream-like look by fringing the camera lens with grease so that the screen edges elegiacally fuzz.

If Nanook of the North had wandered by a picturesque error into Marienbad, his experiences might very well have looked like this. To confuse and irritate us further Altman has given his characters coyly mythical and exotic names—St. Christopher, Ambrosia, Deuca, Goldstar etc.—and has adopted a narrative method that tries to cross the locked-doors murder thriller with the symbolical roman à clef. Keys, indeed, are in short supply. But one's worst misgiving of all is that even if one succeeded in opening all Altman's locked doors, one would find nothing beyond but empty, echoing rooms.

A locksmith would be very useful in Peter Handke's A Left-Handed Woman. This is another film whose mysteries I have trouble unfastening. Why does the forthright married heroine, played by Edith Clever of The Marquise of O, decline

to give any reasons when she asks her husband (Bruno Ganz) to leave her the day after he has returned to Paris from a business sojourn in Finland: trailing jet-lag but tirelessly stating his continued love for her?

No answer. Perhaps one should wait patiently and extract it, like a willing appendix, from the body of the film. But the film struggles against yielding it up: more and more so as we watch the heroine's ensuing struggles with loneliness, with her work as a book translator and with bringing up an only son.

Symbols and allusions clutter around in this German and highly Germanic movie, but writer-director Handke finds no golden mean between making them feebly over-obvious (street names like Rue de la Raison, a passage of Beethoven Für Elise played on the soundtrack as the heroine passes a house called the Villa Elise) and making them intractably obscure. The spare, grey-toned, angular photography—by Robby Müller, regular cameraman for Wim Wenders—sets a mood of palpable, poetic sadness. But Handke fails to fill it with recognisable human emotions. The words and actions and symbolic gestures are dry, academic, stilted. One rues the fact that Wim Wenders himself was not entrusted with the chance to direct Handke's script, to fill it with quirky life as he did an earlier, equally cerebral Handke screenplay, The Godkeeper's Fear of The Penalty.

Good performances—Clever exuding loneliness from her tight-boned face, Ganz wryly hangdog and bewildered—seem

almost an irrelevance. Handke moves his characters around like the furniture. A vase of flowers here, a person there, a table there. This tableau-like formalism can be interesting, and even hypnotic—vide Fassbinder—but in Handke's hands it looks tight and nervous. The heroine's dilemma, far from seeming too deep for words or for rational explanation, looks like the old, universal human choice between loneliness-freedom and restraint-companionship: here dressed up, or rather dressed down, to seem like the ultimate in Stark Existential Crises.

"Aesthetics is for me what ornithology must be for the birds": a American painter Barnett Newman.

I think a moult is a very funny thing. Dutch-born painter Wilhelm de Kooning.

"My paintings are invitations to look elsewhere": American painter Robert Rauschenberg.

Painters Painting, Emile de Antonio's documentary about modern American painters, has more good lines per foot of soundtrack than any film since Annie Hall. You may be a novice when it comes to untangling the finer points of Abstract Expressionism, Tachism, Pop Art or other 20th century transatlantic art movements, but this movie cannot fail to entertain you. There before the camera sit these magnificent gurus of modern painting—Barnett Newman like a snowy-haired walrus, Frank Stella like an aggrieved Woody Allen, Robert Rauschenberg slurring profundities from the top of a step-ladder—and de Antonio prompts them with a delicacy and modesty one thought from previous pontifical movies of his (Rush to Judgment, Underground) was quite beyond him.

The film alternates black-and-white (for the interviews) with colour (for the paintings) so as to make an admirable virtue of what must have been budgetary necessity. And it is sheer joy to see so many articulate people talking both seriously and wittily about the whys and hows of painting as an art and as a way of life. The film shows at the ICA from today. Go and see it.



Paul Newman and Brigitte Fossey in "Quintet"

Savoy/Quaglino's

Night Life

by ANTONY THORNCROFT

Anyone forced to celebrate an anniversary or to entertain the inquisitor from Head Office may well choose either the Savoy or Quaglino's as safe and assured havens of after hours respectability. This week both presented new shows, offering an opportunity for night thoughts.

No one is going to be shocked at either, not by the food, the cabaret, or the bill. They maintain a tradition, not perhaps with the style of pre-war days (and that's the fault of the clientele), but with a certain assurance. They are what you would expect, give or take a few moans.

The Savoy is currently presenting Parti Boulaye who has improved tremendously since her January days at the Talk of the Town. The relative smallness of the room at the Savoy is kinder to her sparkling talent, and she looked splendid, moved well, with the assistance of two boys, and produced an interesting repertoire, ranging from disco to Don't Cry for me Argentina. The voice is pained when she goes for volume, but has a sweetness and charm when kept in check. As she worked her way round the stage, shaking more hands than the Queen, Miss Boulaye built up a great deal of affection and the audience was able to return to

its chewing with the comfortable feeling of the party having been a success. To eke out the amusement there is a rather stodgy band for dancing, which could benefit from some modern music, and a brief prance by eight tall girls. The main criticism of the Savoy is the shortage of the room, which is not as interesting as the former troupe, and the cabaret is much less ambitious. Bob Howe has devised a summer revue Blondes and Bombshells. Both parts are played by Elizabeth Larner who has Mark Ryan (dashing across from disco to Don't Cry for me Argentina) as her straight man. It is basically the songs of Hollywood, again, from Mae West to Marilyn Monroe by way of Betty Grable. Mr. Ryan is an attractive gigolo, and the melodies can linger on for many more generations, but perhaps this particular format is due for an overhaul.

University Theatre, Manchester

Jungle Music

by MICHAEL COVENEY

Peter Flannery acknowledges a debt to Brecht's In the Jungle of Cities in a programme note, but the chief impression of his confused and confusing new play is that he really just wants to paint some sort of Manchester cityscape. Brecht's play was about a contest in 1912 Chicago between a Malayan lumber dealer and a young librarian. Their equities here are a sly property Moss (Simon Molloy) and affected, yellow-haired punk Kit (Gary Shail).

Whereas Brecht urged his audiences to "judge impartially the technique of the contenders, and be prepared to concentrate on the finish"—he had lately become interested in boxing—Mr. Flannery drains the fight of an essential tension and reserves his best writing for the peripheral mood pictures. Operating on an upper level of Jonathan Porter's impressive but over-complicated set, Moss has an underworld interest in a flashy club, where a punk group, the Four Skins, pump out some aggressively irrelevant songs by Mick Ford and Robert Hickson. Kit uproots himself from his friends and family to sulk languorously in the foreground. His father ends up as a tramp, his mother a cleaner

in the club. The Manchester rain is electronically conjured as Mum wonders what happened to her community and her son.

The trouble really is that Mr. Flannery, who made such an impressive debut last year with Savage Amusement at the RSC's Warehouse, is caught between the Scylla of Brecht and the Charybdis of modern-day Manchester. A much better response to the original was Sam Shepard's Tooth of Crime, a reverberatively poetic fable which transposed the contest into a rock and roll setting. However, there is much in the work to confirm Mr. Flannery's considerable promise, notably a crucial funny encounter between Kit and a lifeboat flag-seller. Kit gives the man a large amount of money (he has taken over Moss's business by now) in exchange for the privilege of punching him on the mouth. And there is an entertaining punk elegy for sleeping Mancunians ("Wouldn't it be great if they all woke up paralysed?").

Richard Williams's production could be 20 minutes faster, spoken more forcefully and lit more sharply. But a pleasant company do their best, good contributions coming from John Branwell, Carolyn Pickles and Sue Jenkins.

Royal Ballet's American tour

To conclude its 1978-79 season, the Royal Ballet undertakes a six-week tour of North America, leaving London on Saturday June 23. This entire trip has been made in association with Joseph Clapsaddle Presentations, and made possible with financial assistance from the American Friends of Covent Garden and The Royal Ballet Inc., the British Council and the Royal Opera House Trust.

The company opens on Tuesday June 26 at Wolf Trap Farm Park, Washington and continues with seasons at the Place des Arts, Montreal (July 3-5), Queen Elizabeth Theatre, Vancouver (July 10-12), Berkeley Auditorium, San Francisco (July 14-22), Shrine Auditorium, Los Angeles (July 24-29), and makes its first visit to Mexico City at the Palacio de Bellas Artes (August 2-5).

Cottesloe

Despatches by MICHAEL COVENEY

Michael Herr was in Vietnam for a year covering the war for Esquire magazine. The extent to which the war covered him is the subject of a stunning book faithfully nibbled at by Bill Bryden and his National Theatre cast. The book is hot jazz, a brilliant mosaic of impressions, characters and a generation seconded to zap gooks while high on anything from Hendrix to grass. It is, above all, about the 1960s. It also describes with humour and humility the uneasy role of a war correspondent, a parasite who chooses to be where everyone else is dying to leave. Or leaving to die. For Vietnam then read Cottesloe now.

Perhaps the glamour of all this is what appealed to Mr. Bryden and the National Theatre. The references are all correct. Dylan whining behind our reluctant host's introductory speech about the Vietnam map; Luther King's "promised land" speech cut across by the report of his assassination and a black grunt's fear that home will now be a hassle; the betrayed husband from Tennessee being ironically comforted by a clock-work Westmoreland. But the adaptation is doomed, as it cannot hope to recreate the passion and style of its model, whose chief impact resides not just in the matters discussed, but in the words used, the flow of the prose and what lies behind and between.

The result is something that smacks of trendy opportunism, feebly beeced out by a second-rate rock group, tricky lighting, dire caricature and appalling distortion. In the book, the correspondent is sent by a nurse in a Saigon hospital to give a beer to a doctor swimming in blood after 20 hours at the table. He finds him comforting a small



Attempt to reconstruct the Vietnam tragedy

Leonard Burt

girl, one of her legs wrapped in newspaper on the floor. Bones are jutting. This episode is rendered in a dimly pre-terrors sequence featuring a crippled boy, a bloodied doctor and some silly actor shouting inaudibly through the haze, "Who's in the next room?" Jack Shepherd as the correspondent gives one of his self-effacing mumbling acts, obviously as embarrassed (in

the wrong way) to be here as I was to sit watching him on a bum that turned to stone after 10 minutes. Hey man, a stoned bum surrounded by fellow hacks and assorted celebrities, I could hardly believe where I was and any embarrassment felt by Mr. Herr at the front was nothing to what I was going through. A mention, though, for Michael Feast as the irrespres-

sible grunt whose death is commemorated in a scene that rose above the rest, could have been imagined by Edward Bond on song. The Cockney journalist, Page, is ridiculously presented, without love. Pace Jane Fonda and the rest, I learnt more about America and Vietnam from The Deer Hunter, and those magical three hours may be had for the price of a Cottesloe ticket.

Coliseum

Romeo and Juliet by CLEMENT CRISP

Rudolf Nureyev is installed at the Coliseum for his regular annual season. The fact that the enterprise is a marathon—Nureyev at every performance—is less remarkable than the phenomenal energy which he brings to his appearances. Nothing is husbanded, everything is dared. Nureyev (at an age when many a male dagger is taking care) heeds neither time nor tide. He dances because he must—and not just because his vast and adoring public wishes him to.

In his own staging of Romeo and Juliet for Festival Ballet, who are his companions for the first three weeks (Murray Louis

then follows them to the Coliseum: Nureyev remaining). Nureyev looks to me better, more physically exciting, than when the piece was created. His reliance upon the academic dance, the way he flings himself into its deepest technical waters, daring them to close over his head (which they never do), is extraordinary. If his dancing appears sometimes like an effort of will, it also has an edge of bravura, a muscular panache, which is thrilling.

The production continues alternatively to excite and exasperate me. Fine its dramatic freshness, the vitality of imagery

in the opening scene, in the flag-dance, in the sudden illuminating play of characters—notably at Mercutio's death. Maddening to me, the ceaseless nervous drive of the choreography for the lovers, the unending gabble of academicism, which crowd out any lyricism, and make the balcony scene, the wedding, the end of Juliet's ballroom solo, seem crude impositions upon the sweep of the score.

I do not believe for very long in either Romeo or Juliet as lovers, though Patricia Ruanne manages a high fervour of independence in the passage with

her parents in Act 3. Her dancing throughout is easy, rising to every fierce demand of the choreography. Nicholas Johnson's Mercutio has gained even more in quicksilver moods and humour, and Tom van Cauwenbergh is a Benvolio of no less accomplishment.

The orchestra, after a dim start, rose to Prokofiev's score; the sets and costumes remain excellent. And Nureyev looks the force of nature that he is. The role of Romeo (like that of Juliet) is shallow in this staging, but on its bright surface Nureyev leaps and spins with exceptional brilliance.

A FINANCIAL TIMES SURVEY

MEXICO OIL AND GAS

July 27 1979

The Financial Times proposes to publish a Survey on Mexico Oil and Gas. The provisional editorial synopsis is set out below.

INTRODUCTION: Opportunities offered and problems posed by Mexico's oil wealth. The balance of payments, industrialisation, regional policy.

PRODUCTION ONSHORE: Big new finds in Southern Mexico. The supply of equipment and labour.

OFFSHORE PRODUCTION: Pemex begins the offshore search in favourable circumstances.

NEW PROSPECTING: Pemex begins exploration for oil in areas not previously thought to be oil bearing.

GAS PRODUCTION: The output of gas, wet and dry, and the possibilities for increasing production.

PEMEX: A portrait of a company which has emerged as one of the world's biggest corporations after a period in the doldrums.

OIL AND GAS DISTRIBUTION: The siting of refineries and the laying of pipelines.

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# FINANCIAL TIMES

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Friday June 8 1979

## First step on conservation

IT IS CLEAR from yesterday's statement by Mr. David Howell, Secretary for Energy, that the Government does not intend to rely solely on the price mechanism to bring about the improvement in energy conservation which is now seen as urgently necessary. Mr. Howell has appealed to all consumers to reduce their oil consumption immediately by at least 5 per cent. He intends to reinforce this appeal by a continuing programme of propaganda and persuasion. He himself will be taking a "direct and continuing interest" in the issue, talking to companies and trade associations, helping to publicise the services provided by the Department of Energy and extending the flow of information on good energy saving practice. The public sector will be giving a "firm and sensible lead" on energy conservation.

### Control

This show of activity is welcome, not least because it demonstrates to the public the priority which the Government attaches to energy conservation. It is at the heart of the energy policy," Mr. Howell said yesterday. The question is whether the range of measures he outlined is sufficient to meet the situation. The Government is certainly right to steel clear of detailed intervention in the distribution of oil. There is no case as yet for rationing or for government allocation of supplies by means of collaboration between the Department and the oil companies. It should be possible to adapt to the present tight supply position, though there are bound to be specific cases of hardship where intervention will be needed. The Government has so far rejected any new mandatory measures, even those, such as lower speed limits, which would add to the pressure for conservation among members of the public.

### Premium

How far the Government intends to use the price mechanism to induce energy conservation will presumably become clear in next Tuesday's Budget. There is a strong case for raising the duty on petrol and diesel, over and above indexation, and for altering the present arrangements whereby certain forms of energy, such as gas, are substantially under-priced in relation to world market levels. Although gas is not internationally traded to the same extent as oil and the

Government has more freedom manoeuvre in determining its price, indigenous supplies of gas are limited and, once used, will have to be replaced by other fuels. Thus, as last year's Green Paper on Energy policy pointed out, the price of gas should include a substantial scarcity premium. That premium is at present much too low.

There is, however, a limit to what price increases can achieve. The Green Paper commented that "the response of individual consumers to the price mechanism and advice, will not, even if reinforced by in practice bring about all the energy conservation investment that is cost-effective by comparison with investment in energy production." Investment in energy conservation is to a degree optional and some industrial consumers may reject investment opportunities which involve more than a very short payback period, however desirable they may be from a national viewpoint. The fundamental task is to bring about a sustained and continuing improvement in the efficiency of energy use throughout the whole country. This will almost certainly involve a combination of sticks and carrots which goes beyond the Government's present programme.

### Incentives

At the end of his statement yesterday Mr. Howell said that he was examining how our longer term energy conservation policies might be reinforced and "whether the current balance between pricing, information, advice, research and demonstration, incentives and legal compulsion is right." Given the long-term nature of the problem, it is difficult to place too much hope on government-financed propaganda campaigns which are bound to lose their impact after a while. If energy conservation is to be substantially increased in, for example, the transport sector, which accounts for over a fifth of total energy consumption, then a pattern of incentives must be devised which will bring this about, the wider use of energy saving cars is one possible development. In the two other big consuming sectors, industry and buildings, mandatory measures may be needed to raise standards of efficiency in energy use. What Mr. Howell announced yesterday represents only the start of a continuing programme.

## Gaining time in Lebanon

THE DECISION announced by the Palestine Liberation Organisation (PLO) and its Lebanese Left-wing allies to withdraw from the front line with Israel in south Lebanon could be a major contribution towards solving the problems of this deeply fragmented country—but only if it turns out to be a strategic rather than a tactical action. Unfortunately the latter looks to be more likely.

Under an optimistic interpretation, the PLO would appear to have realised (and been made to realise, particularly by Syria) that there is nothing to be gained by provoking the sort of heavy artillery retaliation which Israel has been dealing out in recent weeks either directly or through the Christian forces of Major Haddad, which is backs. This is because these skirmishes always contain the risk of getting out of control.

### Return and resettle

Internally, a protracted lull in the fighting in the south would give an opportunity to tens of thousands of Lebanese refugees, who fled under the artillery bombardment, to return and resettle. It might also reduce the long-standing tensions between Lebanon's Moslem and Christian communities, at a time when, in the wake of the resignation of Dr. Selim Hoss and his government of technocrats, effects are being made to assemble a cabinet composed of politicians of all persuasions.

At the same time, the newly reformed but embryonic Lebanese army, which had been shattered during the 1975-76 civil war, would be able to reassert some national authority, which in turn would strengthen a national government. In this task it would have assistance from the UN Interim Force in Lebanon (UNIFIL). Were most of these events to come about, Syria would be much relieved.

Unfortunately, a pessimistic interpretation is more realistic. Firstly, the focus of attention in the next ten days at the UN will be the renewal of the Security Council of UNIFIL's mandate, which is due to end on June 19. Its presence in the south is undoubtedly useful to Syria as a buffer between its forces and

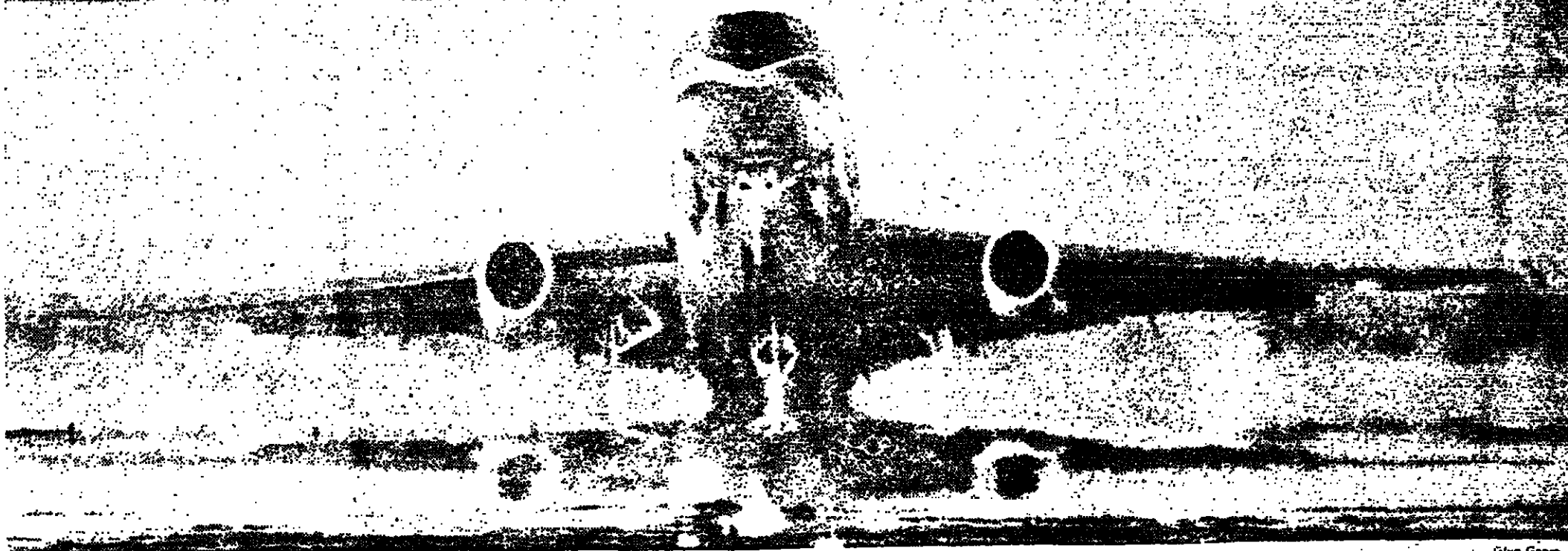
Israel. Its absence would be impossible to fill. By the removal of the Palestinian and leftist forces during the period of UN debate, Israeli forces and those of Major Haddad would have no excuse for continuing to bombard the south unless they were willing to be seen in international eyes as the major destabilising factor in that area.

The Palestinians are in an awkward position. Whatever their protestations in the contrary, the must have some flicker of interest in the forthcoming talks between Egypt and Israel on the question of Palestinian autonomy on the West Bank and the Gaza strip. Apparent good behaviour in this sensitive area would marginally strengthen President Sadat's hand in negotiations on their behalf. But stronger than these arguments, for redeployment and withdrawal, is the prospect of withdrawing mainly from the southern port of Tyre, they are hardly sacrificing very much in military terms. It will not be hard to return to that town and other assorted bases when circumstances change.

Were the Syrians to withdraw from Lebanon, the Palestinians would be extremely vulnerable to their arch foes, the Christian forces further north. A redeployment thus has the advantage of opportunities to dig in elsewhere. More important, the bulk of Lebanon's problems remain as unsolved as the day the civil war erupted—and before. The Christians are unwilling to acknowledge they are not a majority over the Moslems and to make the appropriate political concessions. Thus the chances of an all-party cabinet are remote.

### Stop gap arrangement

Furthermore, there are no signs of agreement between the Moslems and Christians as to how many Palestinians should be in the country, where and how they should be armed. Thus like most developments in Lebanon, the Palestinian withdrawal—if Mr. Yasser Arafat, the PLO's chief, has the authority to enforce it fully—looks like a stop gap arrangement to permit a temporary defusing of tensions and allow UNIFIL to struggle on for a few more months. The fundamental problems remain untouched.



Glyn Genn

# The DC-10: what is at stake

BY MICHAEL DONNE, Aerospace Correspondent

## MAJOR DC-10 OPERATORS

UNITED STATES		OTHERS	
American	25	Air New Zealand	8
Continental	8	Alitalia	3
National	11	British Caledonia	3
Northwest	27	Iberia	6
United	32	Japan Air	9
		KLM	9
		Laker	6
		Lufthansa	11
		Swissair	9

Altogether 277 DC-10s are in service. The estimated value of that fleet is over £2bn. Another 100 aircraft are on order or on option.

THE DECISION of the U.S. Federal Aviation Administration to ground indefinitely the world fleet of McDonnell Douglas DC-10s, following the discovery of further cracks in two jets and fears of a possible design weakness in the aft bulkhead, is the worst operational crisis to hit the world air transport industry. It could have severe long-term financial and other effects.

At a stroke, it has grounded 277 wide-bodied jets, each of which is capable of carrying over 250 passengers, and which collectively constitute about one-fifth of the world's airline capacity. Though there are over 4,000 jets in the commercial fleet, many of them are small aircraft, with nothing like the range or payload of the DC-10. Over 100 more DC-10s are on order or option for delivery over the period up to 1981-82.

The problem is compounded by uncertainty as to how long the grounding will last. Everyone hopes it will be brief—one week, two weeks, a month or even a little longer. But no one knows—not even the FAA itself which has still to conduct the further detailed technical checks on the aircraft.

These checks will involve going over virtually every part of the DC-10 in meticulous detail, to clear it for a new Certificate of Airworthiness, replacing the one now withdrawn. If those checks show the need for major design and engineering modifications—as well they might in the light of the FAA's most recent findings—then a large part of the fleet could be on the ground for months.

But this is only one of the uncertainties thrown up by the grounding. Others include worries about revenues lost to airlines, problems over insurance liability for loss of use of aircraft, and for the cost of repairs if any, and anxiety of the banks and insurance companies that have subscribed loans worth well over £2bn to help buy the fleet in the first place.

The immediate problem for the 41 airlines involved is to try to plug as swiftly as possible the gaps torn in their fleets by the grounding of the DC-10s. All the signs yesterday were

that a major scramble was under way world-wide for almost all other types of long-haul aircraft available—even very old, fuel-inefficient and noisy 707s and DC-8s which previously had been virtually going begging.

One immediate result is that prices for those aircraft will rise steeply, because while there are some, they are not plentiful. One estimate is that there may not be as many as 50 or so 707s and DC-8s in the fleets around the world, awaiting buyers or potentially available for sale. Some of them may not be immediately fit for service.

With the summer peak drawing closer, and travel demand rising steeply, such aircraft as are available are not likely to be enough to plug the gap, especially if it lasts for a long time. That can only mean that some airlines and their passengers are likely to be unlucky in the search for alternative aircraft. The delays to schedules, and even cancellations, could multiply, the longer the grounding goes on.

Nor is it really possible for the other manufacturers, primarily Boeing with its 747 Jumbo and 707, (which still is in limited production) and Lockheed with the TriStar, to increase their production to meet any short-term lack of

DC-10s. Aircraft manufacture, especially of wide-bodied jets, is a complex process taking several months to wind up or down according to demand. Thus, accelerated production of 747s and Tristars would probably only be considered by Boeing and Lockheed if the DC-10 were to be permanently removed from the world's active airline fleets. That is something that they would probably not want to see happen because of the damage to public confidence in wide-bodied jets that it would create.

One other way of plugging the gap torn in the schedules

is for other airlines to make bigger efforts to fill their aircraft, and to fly more frequently on specific routes. This is always easier said than done. It is an axiom in air transport that when an airline's average load factor is running at around 65 to 70 per cent, it is in effect flying full more often than not, and needs to buy new aeroplanes anyway. Additional flights on specific routes throw extra burdens on flight deck and cabin crews, ground staffs at airports, and in air traffic control centres, which may cause industrial problems, while the more the aircraft fly, the faster they in turn come round for their own major maintenance checks. But there can be no doubt that some airlines throughout the world, which do not use DC-10s, and which do have 747 or TriStar equipment available, may well earn windfall profits from the additional traffic coming from airlines whose own fleets are grounded.

The problem seems likely to be more acute in the U.S. than elsewhere. It is in that country that the biggest fleets of DC-10 aircraft exist—for example, with American, Continental National and United (mostly of the earlier Series 10 where the problems have occurred). But the impact is also likely to be severe on many of the smaller airlines round the world, which depend upon DC-10s for much of their long-haul operations—such as Laker (six), Air New Zealand (eight) and airlines in Africa, South America, South East Asia and the Far East.



DC-10

Certificate as a result of unexplained accidents and doubts about safety was the first de Havilland Comet, the world's first jet airliner, following the initially inexplicable loss of two aircraft over the Mediterranean, eventually ascribed to explosive decomposition due to metal fatigue.

It took years for the Comet to return to airline service, in a much modified form, but the aircraft never recovered its initial lead—it was overtaken by the 707 and DC-8 in the mid to late 1950s and de Havilland never returned to quantity manufacture of big aircraft as an independent company. It ultimately became part of the Hawker Siddeley Group.

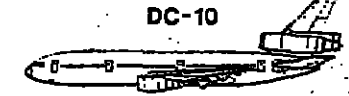
The task now facing McDonnell Douglas, as the primary DC-10 airframe designer and manufacturer, is formidable. In order to ensure that it can go on building DC-10s and holding a leading place in the "big league" of airliner manufacturers, it must get its DC-10s cleared and flying again as soon as possible—but not so swiftly as to encourage the FAA, the National Transportation Safety Board and the travelling public to suspect that the task is being rushed.

Also deeply interested in ensuring that the DC-10s get flying again swiftly are the banks

and insurance companies which collectively world-wide are estimated to have lent more than £2bn to the airlines for DC-10s alone over the past 10 years. Their investments, to be secure and returning money, must be secured and far-reaching. What is now at stake is nothing less than the credibility of the DC-10 as an airliner, and the airlines' confidence in McDonnell Douglas as a major manufacturer of jet airliners, at a time when the company is planning even bigger versions of the DC-10. The only other major jet airliner ever to lose its Airworthiness

certificate, especially in aviation, are now fully aware of the inherent dangers, as a result of past well-publicised accidents, and are fully covered by product liability insurance that runs into many hundreds of millions of dollars. The insurance market, in the end, is likely to bear the brunt of the financial burden of the entire DC-10 situation.

The DC-10 situation, in its scale, is unprecedented. It is the nightmare that everyone in world civil aviation has always hoped would never happen—and, indeed, generally believed never would, as more and more wide-bodied jets left the factories and logged an expanding total of flying hours. Now that it has occurred, this has been a major shock to the airline and aircraft manufacturing industries from which they may take some time to recover.



DC-10

## MEN AND MATTERS

### Dial-a-debt

Irish style ANXIOUS Irish householders were yesterday taking advantage of new "hot lines" installed by the Republic's Electricity Board. The lines will operate around the clock, seven days a week, to tell customers the size of their unpaid bills.

The strike by postal workers, now in its fourth month, has created a £20m backlog. In response to radio and TV advertisements, about 80 per cent of households have paid something on account at their local electricity showrooms. But the petrol shortage has given country-dwellers ample excuse for not journeying to make such a sacrifice.

The question remains, of course, whether people will start paying up any faster when they have dialled to learn the bad news.

The predicament of Donegal is most acute. It is one part of the Republic without STD, so

with no telephone operators at work since February, and no letters to be sent with the rest of the country have grown more tedious than usual.

Some of the Irish candidates in yesterday's European elections have been complaining that they were denied their rights to send canvassing leaflets through the post. The government has just responded by asserting that candidates can win more votes by personal conduct.

Beyond the mountains of undelivered mail, many of the Irish have almost lost sight of what the 33,000 postal workers are demanding. They started off wanting raises of more than 30 per cent, are now down to 16 per cent—and yesterday at their annual conference pledged, as an Irishman might put it, to keep the stoppage going.

### Lark down under

It is not quite in the same league as the Report on Dowgate, but the Department of Trade investigation into Larkfold Holdings also contains some illuminating incidents. One concerns Murray Richard Harrod, who was a shareholder for three months in 1974. Despite his short-lived involvement, he effectively gained control of the company during this time—by the not-uncommon expedient of borrowing £180,000 from Larkfold's bank account and using it to buy 300,000 Larkfold shares.

Like Christopher Selmes in the case of Dowgate, Harrod had been singularly elusive. Having been extradited for some reason to Australia in May 1974, his address remained a mystery until the end of 1976. Two years later, the two inspectors travelled to Sydney after finally obtaining an assurance that Harrod would co-operate.

Harrod then announced six conditions, the three main ones being that he should be allowed to see everyone else's evidence, that he should not be obliged to keep his own evidence secret, and that the DoT should pay

hi costs and expenses. "Perforce," says the report drily, "there the matter was left."

### Son of Monty

Viscount Montgomery of Alamein, son of the general, has wisely elected to specialise in a different part of the world from that chosen by his father: his services as a South America expert have just been retained by the Newcastle-based Northern Engineering Industries.

After taking a degree in engineering from Trinity College, Cambridge, he joined Shell and asked to be sent to Latin America. He was sent in the opposite direction—to south-east Asia. He did get to Latin America eventually, spending six years there for Shell, followed by 12 for Yardley, during which time he created subsidiaries in eight countries, became a member of the Export Council, and was appointed Honorary Consul of the Republic of El Salvador.

Montgomery, 49, insists that Britain's loss of trade in the area—it is now down to three per cent—could be reversed if companies were prepared to go in for joint ventures. He gets particularly heated when people suggest the continent is unstable—"Some one-party states have been stable for up to 30 years," he says.

### Norman conquered

The results of 'y's polling will be studied with a jaundiced eye by engineer Rodric Norman, a British subject living in Belgium. As readers may recall, Norman discovered that Britons in many other EEC countries—that our strict franchise laws deprive him of any vote in the Euro-elections.

He decided to test the matter by lodging a complaint against Her Britannic Majesty's Govern-

ment with the Commission of Human Rights in Strasbourg. He has now heard that his case has been declared inadmissible.

Perhaps by the next Euro-election, our rules will have been relaxed, to accommodate Norman and similar expatriates. Or perhaps he will have become as apathetic by then as most of his compatriots.

### Detached view

After studying the latest issue of the Building Societies Association bulletin, I feel confident that my mortgage is in the safe hands of clear-sighted men. Under the heading "Future Trends in Lending on New Houses" is this prediction: "The number of building society loans on new houses in future years will largely depend on the number of new houses built."

### Sime again

Earlier this year Guthrie Corporation, the British plantation major, successfully fought off a take-over bid by Sime Darby Holdings. But the public relations efforts of both sides indicate that the contest is far from over. Sime Darby has taken five London journalists and six Far Eastern ones on an exhaustive visit of its operations.

Just before the British journalists were about to take their Concorde flight to Singapore they received a surprise telegram. Signed Brian Coates, the Guthrie managing director, it said: "Don't believe a word of it."

### Good crawler

Card in a Portsmouth shop window: "What offers for 1964 Morris Minor? Recently overhauled (by small boy on a bicycle)."

Observer



"What a coincidence sir—your letters claiming compensation for your lost letters have gone astray and you've come through to the wrong extension."

Congratulations to Sir Robert Mayer (born, 5th June, 1879) on his centenary



Jeffiolito



POLITICS TODAY

A storm in the Tory think tanks

THE HONEYMOON is almost over. Conventional wisdom has it that it will come to an abrupt end next Tuesday when Sir Geoffrey Howe delivers his first budget. The budget is likely to be an ambitious one, fulfilling many of the promises made in the election campaign and containing a few surprises as well. Ministers are putting it after Tuesday the political map should be quite different.

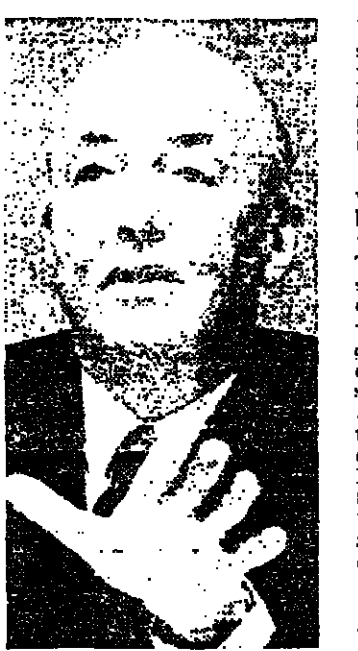
better organised and ran a better campaign than Labour. But in Central Office they have also drawn a number of lessons, not the least of which is that the earlier you start preparing an election campaign the better. Thus the Tories have already begun preparing for the election in 1983-84.

The crucial figure here is Lord Thorneycroft. He has been Chairman of the Party no longer than anyone else since Lord Woolton. He has remained after the election and shows every intention of staying for at least another two years. So what Lord Thorneycroft is doing is setting about improving the organisation in a way which was never possible before. The Conservative Party not yet quite like the Labour Party.

Liberals and Tories rather than World Wars there seems to be little doubt. Some people say that he was once the head, and it is suggested in Iain Macleod's biography of Chamberlain that he was a secret intermediary between Chamberlain and Mussolini. No one else seems willing to go any further and even Macleod is said to have refused to expand in conversation. It is alleged, however, that he destroyed all his papers shortly before his death. Even odder, the records of the pre-war Conservative Research Department have disappeared.

for premises which would allow the department to have its own sort of common room, to which its members can retreat from time to time. But he is unlikely to go much further. The basic decision to move the Central Office is a firm one, and some of its desks, such as local government, will be located there.

What is the significance of all that? The theory that it is a battle between Left and Right does not entirely stand up for the simple reason that Lord Thorneycroft is not really of the Right. He is a pragmatist and a sceptic. His own view is that he is essentially a centrist, a man who knows he did well in running the last election campaign and who is determined to prepare the ground for the next. In one sense he even shares the view of Neville Chamberlain that the party should always be preparing for a future general election. But he would not about it in a different way.



Lord Thorneycroft

might put up an idea for a study group, then let the Research Department do the research. The department would presumably report back to the Centre. It is also clear that Sir Keith will remain in close touch with his old hunting ground, and through him so will Mrs. Thatcher. Mr. Alfred Sherman, sometimes known as a reference to Sir Keith as the "ambassador to the Conservative Party", is remaining as Director of Studies. Thus the Centre should be no less important, and could be more so, one theory from which Mr. Thomas does not dissent, is that Sir Keith wants to preserve it as the keeper of the conscience of the free market economy and as a kind of antidote to the kind of advice the Government will receive from the civil service.

take

Lord Thorneycroft is full of talk about "expanding the party outwards". The Labour Party, he says, still has a lot in the count, he said, about 45 per cent of personal income is taxed. Because of this narrow tax base marginal tax rates are high, but once the exempted income is taken into account both marginal and average rates fall dramatically. A man on £15,000 a year pays an effective average rate of 22 per cent. Yet, sadly, almost everybody is fooled by the current propaganda about how crippling high tax rates are.

There is a great deal of discussion on the control of public expenditure (which is not necessarily synonymous with cutting it). But the area of public expenditure over which Chancellors have almost no control is the tax allowance welfare state. It is estimated that the abolition of the non-structural personal allowances would allow the standard rate to be cut by 7p.

What is so unfair about the Tory Government's plans is that all the emphasis is placed on cutting the traditional welfare state to help pay for tax cuts. The tax concessions will benefit primarily the rich. So higher income groups will receive more from the tax cuts and the effect that the tax allowance welfare state remains unscathed.

Samuel Brittan is the first of those on the extreme right to come clean on the fairest way of making tax cuts, and all credit to him.

Frank Field, House of Commons, SW1.

Samuel Brittan writes: I am very grateful for Frank Field's letter, except that I can hardly be described as a "recruit" to a position I have always held. Such misunderstandings might be less frequent if inaccurate and misleading labels such as "extreme right" were not applied so glibly to those who want to make more use of market mechanisms.

Malcolm Rutherford

Letters to the Editor

National assets

On Mr. H. Moon Sir—Selling nationalised commercial assets offers advantages far beyond raising funds to balance the Government's books. The nearest historical equivalent is the disposal of assets by Thomas Cromwell in 1537, the consequences were immediately beneficial for Henry VIII's treasury but the longer-term economic and social improvement has seldom been accorded proper importance. The rush volunteers from the City and elsewhere to conduct the sale of the century should be sisted for the time being, so at full advantage is obtained in this radical change. For instance, there is a case for retaining a majority shareholding in BP and it may be better to have BP take over British National Oil Corporation, expand the equity in BP thereby and sell some of these assets as a whole, because it is more convenient to do, whereas the disposals, properly organised, could also generate much of the transport industry. Consider the Forestry Commission. It would be easy to lift off, by public auction, if necessary, much of the existing productive forest and thereby use say £100m. It would, however, be better first of all to give off some forest areas of particular public interest and see these under the control of the Countryside Commission, the remaining assets could be divided into productive units, which would form the basis of a truly commercial and successful British forest industry. The present situation is unsatisfactory and, unless we take this opportunity to create an integrated industry, the problems of the Fort William pulp mill will be duplicated elsewhere. If the National Enterprise Board is to continue, there is an archetypal role after a holding in viable commercial companies have been sold off. The most advantageous disposal policy must rest on a deep knowledge of the many industries concerned fortified by sound financial out-turn but also to conserve the economic benefits of denationalisation. Michael Moon, Ullenhall House, Langbourne, Berks.

Watching the screen

From Mr. D. Woolard Sir—If the NEI Parsons-APEX agreement (June 4, Back Page) is looked upon by both sides as not only a breakthrough, but highly pleasing, I, as an engineer, can only assume that both the company and the union are composed of twentieth century Luddites but instead of destroying the machinery they over-man it and work half-time, thus achieving non-competitive and low productivity. Since visual display unit operators must not risk eye-strain, do we assume they never watch TV without taking 20 minute breaks every hour? I have not heard of any bad effects from sustained VDU scanning and understand that extensive tests have been carried out without any hazards being found. If either the company or the union has firm evidence to prove VDUs are dangerous to health, they have a public duty to disclose it. Duncan J. Woolard, 39, The Middlings, Sevenoaks, Kent.

Prospects for graduates

From Mr. W. Kirkman Sir—In his article (June 5) about the likely effects of the Government decision to stop recruitment to the civil service, Michael Dixon draws attention to the sudden worsening of prospects for graduates emerging from universities about now.

The price of land

From Mr. S. Sellers Sir—Speculation has taken its strong and irresistible grip on investors in agricultural land. The experts, the estate agents, are justifying current price levels with a multitude of arguments in a number of journals. I am sure interested parties have read them many times. A couple of desperate examples I particularly like. "You thought yesterday's price level was ridiculous as well." This to me indicates only that today's price is a bitter speculation. And "Land in the EEC is still much dearer." No attempt is made here to consider relative product prices, exchange rates, taxation, governmental attitudes or the supply factor. Of course price prevents such a balanced discussion of all these factors! There seems to be only one concrete demand factor and that is the financial institutions. Their investments to date are only a small proportion of their portfolios. The professional view here is that they will maintain or increase this proportion in the future. I think a more logical view could be if the price rises, slowed down, so would institutional investment. Any investment manager, particularly those involved with unit trusts and property funds, do not like to be "locked in" to an investment. Who could afford to buy these large estates today if they were put back onto the market? Not unreasonable to adopt this view with the prospect of more economic problems, government legislation or perhaps a change in investment strategy by the pension funds. I would advise potential investors to sit tight and make sure they are comfortable as the next five years should prove enlightening. Resist the estate agents' arguments, remember they are essentially marketing men—ever heard of conscience reduction? L. S. Sellers, L. R. D., Ann Port Bay, Jersey, CI.

Today's Events

GENERAL U.K. Publication of delayed trade statistics for February, March and April. Final day of Post Office Engineering Unions conference, Winter Gardens, Blackpool. Prince Charles visiting headquarters of the Amalgamated Union of Engineering Workers (Engineering Section), 110, Peckham Road, SE15, 9.30 am. Lady Kagan and others appear on remand accused of conspiracy to defraud Inland Revenue, Magistrates Court, Leeds. Statement by Church of England on coming General Synod to be held from July 2-6. Variety Club of Great Britain luncheon for BBC Disc jockeys involved in raising charity, Savoy Hotel, London. Sir Kenneth Clark, Lord Mayor of London, attends Feltmakers' Company dinner, Mansion House, 7.30 pm. Overseas: Swedish Government in talks with Esso, British Petroleum, Shell and Texaco on possibility of increasing oil supply to Sweden. Final day of U.S.-Japan economic conference, Washington. Pope John Paul II continues visit to Poland. COMPANY RESULTS Final dividend: Bishop's Stores. Interim dividend: Thomas French and Sons. COMPANY MEETINGS H. Goldman, Glick House, Claremont Road, Clidkewood, NW, 4. Haden Carrier, 7-12, Tavistock Square, WC3. Hunting Club, Astonfield House, 118-127, Park Lane, W, 10. Lead Industries, 14, Gresham Street, EC4. 12. Petroport, Petroport House, Euston Road, Avenue, Wale, Surrey, 12.30. Prince of Wales Hotel, Prince of Wales Hotel, Lord Street, Southampton, 12. Taylor Woodrow, 52, St. Catherine's Way E, 12. SPORT Golf: Amateur Championship, Hill-side, British Women's Championship, Narn, Tennis: Beckenham £15,000 Open Championship, Ceyling, Tour of Britain 1000 race, Darlington to South Shields, Water Cycling, Isle of Wight, Yachting: Weymouth Olympic week.

Recent convert

Mr. Hugh Thomas, the Centre's new head, is best known for his book, The Spanish Civil War, which is generally regarded as definitive. He is also a recent Tory convert, having turned against the Labour Party on the grounds that it had abandoned free enterprise. At the Centre he will be unpaid and part-time, preferring to make his living from his books. He has not yet formulated his own programme, except to say that it will be more international than in the past. But there appears to be more to Mr. Thomas's appointment than meets the eye. There is a belief in some Tory circles that he was first offered the job of head of the Research Department. One is assured that in any formal sense that is untrue. What has happened, however, is that there have been talks both with Sir Keith and Lord Thorneycroft about how the Centre and the Research Department might better work together. There is the suggestion, for example, that the Centre

Skeletons

All that may seem a digression, though it does suggest that there are some skeletons in the Tories' cupboard. But there is one way in which the debate about the department in Chamberlain's day is relevant to the debate today. After the huge Tory victory in the election of 1931, there was apparently an attempt to get rid of it on the grounds that it was too powerful and that it was no longer needed once the party was back in power. Chamberlain resisted successfully. His defence of the department was that it was not the job of civil servants to work out party policy for a future general election. For that a party body was required, and only the Research Department could do it. That is exactly the argument that the critics of Lord Thorneycroft's decision are making today. They say that the CRD should be above the day to day battle and party organisation. It should be encouraged to think long term. For that it needs a separate existence. Such has been the strength of the reaction that Lord Thorneycroft has made a partial concession. He says that he is now looking

Staff turnover?

Yes, they do occasionally. If your staff are happy, the chances are they'll stay. And that's good news for you because the true cost of recruitment is rising all the time. Yet if your employees find it increasingly difficult and costly to travel to work, only to squeeze into overcrowded offices when they get there, it's hardly surprising when they give up the unequal struggle. Staff turnover is just one of the factors considered in a Location Audit—a systematic review (rather like a financial audit) of the cost-effectiveness of your office location, bearing in mind your present and future needs. LOB has published a new booklet to help you plan a Location Audit. You can't afford to ignore it. Send off the coupon or phone for your free copy now. If it comes to a move, or even if you're still not sure, give us a call. LOB is the most comprehensive and completely impartial source of information and advice on office location throughout the country, and there is no charge for our services.



# BP soars in first three months despite crude oil cutbacks

BETTER OIL trading margins, a £40m increase in the contribution from the Sohio venture and stock appreciation boosted 1979 first quarter taxable profit of British Petroleum Company by more than £120m to £734.1m.

At the attributable level net income was ahead from £58.6m to £281.9m, compared with £152.4m in the final quarter of last year. Earnings per share are stated 56.8p higher at 72.9p.

Due mainly to inclusion of sales through the interest acquired from Veba in Germany, petroleum product sales were 4.9 per cent higher at an average 2.7m barrels a day but crude oil volume was 9.7 per cent lower.

Overall group sales and operating revenue reached £4.06bn (£3.35bn), excluding duties and sales taxes, and other income was £99.5m (£92.5m).

## HIGHLIGHTS

The contribution from North Sea and Alaskan crude oil and healthy downstream profits from Europe have boosted first quarter net income from BP so Lex points out that the momentum has not just come, as first supposed, from stock profits. Lex also looks at the latest time from the Department of Trade which has published the results of its investigation into Larkfield. The outcome of the latest year's trading from a crop of plantation companies, notably Harrison's and Crossfield and Guthrie Corporation, is also examined in the column as is the latest takeover move by BTR. The new executive chairman of Bestobell has hardly had time to settle in after his departure from P & O since BTR is limbering up for a bid worth 200p, or £26m.

Production from the Forties Field during the three months was marginally better at 472,000, against 455,000, barrels a day and the group's share of Alaskan production reached 634,000 barrels a day, compared with 437,000 barrels last time when throughput was restricted by damage to a pump station.

Following the disruption in Iran, however, the supply position remained difficult and BP was obliged to reduce contractual crude sales by 45 per cent over the quarter.

A shortage of naphtha, the road haulage strike and the severe winter operations in the groups chemical business. Also prices did not rise sufficiently to cover the considerable increase in the cost of feedstock, the directors say.

The improvement in oil trading margins was most notable in Europe where "product prices continued to harden from previously inadequate levels." The stock appreciation element in reported earnings only partially covers the cost of replacing stocks at the higher prices, they point out.

Group capital spending during the three months was held at £234m (£236m) with an increase in UK expenditure from £76m to £95m. In addition the purchases from Veba, acquisition of Monsanto's chemical interests and completion of the purchase of the Clutha Coal interest in Australia totalled £330m.

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## Doreen jumps to £1.5m

Doreen Holdings, the Dublin-based ladies fashion manufacturer and retailing organisation which recently acquired 60 retail fashion stores in the UK, announces a 67 per cent jump to £1.5m in pre-tax profits for the year ended March 31, 1979.

Group sales increased by 68 per cent to £15.95m in 1979. Before receipt of Employment Maintenance Subsidy profits showed a 46 per cent rise.

Adjusting for a lower tax charge arising from higher levels of exports and employment together with UK stock relief the profit attributable to ordinary holders was £1.35m compared with £727,000.

## Airflow hit by motor disputes

Strikes in the motor industry and the haulage dispute hit Airflow Streamlines. In the year to February 28, 1979, the taxable surplus fell from £910,455 to £803,015 on turnover ahead from £10.5m to £11.5m. At midway the surplus fell from £456,000 to £402,000.

The directors say the motor industry strikes meant that the high level of demand projected for the manufacturing side could not be fulfilled.

The motor division increased profits despite restricted supplies because of the Ford dispute.

Demand is now high for product lines in the manufacturing division and the motor side has increased the volume of sales.

The net profit is down from £648,596 to £562,515 and—after £51,882 waived dividends—the retained surplus is £445,360, against £520,947.

## Glynwed waits for Budget

It would be foolhardy to make a confident profit forecast for 1979 with the Budget of a new Government only five days away, Mr. Leslie Fletcher, chairman of

## Elson and Robbins marks time

TAXABLE PROFITS of Elson and Robbins were virtually static in the first half to March 31, 1979, but the results were affected by the lorry drivers' strike.

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The Board says the group's position at midway is in line with the company's development programme, and they re-iterate December's statement that the company will continue to strengthen.

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## Buckley's Brewery

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Turnover for the year progressed from £6.94m to £7.29m,

## A. Cohen recovers in second half

A SECOND-HALF recovery lifted taxable profits of A. Cohen and Co., metal refiner and non-ferrous alloys manufacturer, from £1.75m to £1.96m in 1978. Turnover was higher at £47.94m, against £44.03m.

At midway, the surplus was down from £1.1m to £0.82m. However, the directors believed full-year pre-tax profits would not be less than in 1977, but net surplus would be lower.

Stated earnings per 20p share are down from 39.5p to 26.34p. The net final dividend of 3.85p lifts the total to 6.005p (5.43p). Minorities total £438,114, against £406,402.

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# Morgan Crucible ahead at 3 months

TAXABLE PROFITS of Morgan Crucible Company, the international group supplying sophisticated components and materials to industries worldwide, rose from £2.66m to £2.97m in the three months to April 1, 1979. Third party sales were higher at £25.47m, against £24.38m.

In the last full year, profits reached £12.27m on sales of £100m.

Mr. Ian Weston Smith, chairman, says the first-quarter performance was creditable considering the transport strike. Only the thermic division produced a lower trading profit, at £1.16m compared with £1.29m. Exports are generally strong, he adds.

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# Engineering decline holds 600 Group to £0.6m rise

A POOR performance by engineering products and services division held back the 600 Group in the year to March 31, 1979.

On turnover ahead from £175.2m to £187.8m the taxable profits rose from £11.31m to £11.8m.

Two divisions improved their profits. The iron and steel and services side lifted taxable profits from £945,000 to £2.27m and the machine tools division went ahead from £6.93m to £5.05m. But the engineering products operations declined from £3.6m to £1.56m.

The final dividend of 2.52p net per 25p share raises the total from 4.114p to 4.554p. Stated earnings are up from 11.5p to 12.6p and from 11p to 20.6p after extraordinary items.

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## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre. Div.	Total for year	Total last year
Airflow	2.12	July 20	1.53*	2.74	2.68*
Anglo-Transvaal Consol.	1.90†	Aug. 2	—	1.90	1.15
Bishop's Stores	1.61	July 11	1.4	2.89	2.61
Brent Walker	1.63	July 23	0.8	1.98	1.45
Buckley's Brewery	1.38	July 13	1.24	1.98	1.78
A. Cohen	3.56	Sept. 1	3.5	6.01	5.43
T. Cowie	0.8	July 27	0.73	—	2.27
Culter Guard Bridge	1.5	—	1.5	1.5	1
Dobson Park	1.65	Sept. 20	1.5	—	1.45
Doranakande Rubber	1.7	July 21	1.2	2.25	1.4
Doreen Holdings	5.43	—	3.23	6.87	4.11
Elson and Robbins	1.51	July 20	1.35	—	3.49
Guthrie	15	Aug. 1	17.4	24.03	21.78
Harrison & Cross	5.53	Aug. 1	1.33	—	3.98
Hickson & Welch	4.3	—	3.5	6.5	5.5
Leigh Interests	22.5†	Aug. 2	15	35	25
Middle Wits	2.82	July 2	2.27	4.95	4.12
600 Group	5.91	July 19	9.08*	8.25	7.94*
J. Smart	4.5†	—	3.8	7	5.8
Warren Plants	—	—	—	—	—

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of 1.6255p forecast. § Gross throughout. ¶ South African cents throughout.

## Culter Guard advances

CONTINUING ITS recovery from the near £1.2m



UK COMPANY NEWS

Harrisons and Crosfield finishes little changed at £52m

PRE-TAX profits of Harrisons and Crosfield were little changed at £52.5m for 1978 against a restated £53.2m previously on turnover down from £579m to £546m.

Figures included results of Malayalam Plantations (Holdings) and Marcor Investment Trust from their date of acquisition.

The relevant share of results of Harrisons Malaysian Estates for 1977 and 1978 have been included in the figures.

The offer, on May 15, 1978, to acquire all the shares in HIME not owned by H and C, increased its holding by 56 per cent and in view of the relative sizes of the two groups, this increased holding, together with the 18 per cent interest held at December 31, 1977, has been reflected in the results on merger accounting principles.

The directors state that because of the bad weather coupled with the industrial problems, the group's chemical manufacturing companies, and

side of the timber merchanting, started the current year somewhat indifferently.

However, plantation interests, chemical merchanting in Canada and some of the general trading operations are currently ahead of last year, and directors say taken overall the net turn for 1978 is expected to be another satisfactory result.

Turnover	1978	1977
Profit	54.3	54.3
Interest payable	2.0	1.5
Profit before tax	52.3	52.8
Taxation	23.9	25.8
Net profit	28.4	27.0
Preference dividends	0.1	0.1
Dividend	28.3	26.9
Extraordinary credit	0.2	0.6
Attributable	28.5	27.5

Restated, £24.5m previously reported for 1977. £1m on net current assets.

After lower tax of £23.9m (£26.5m) for 1978, minorities and preference dividends, earnings were higher at £28.5m compared with £21m or 52.7p (51.7p) per £1 share.

As forecast in December 1978.

at the time of the offer for Sabah Timber, a final of 17.53p is recommended lifting the total distribution from 21.78p to 24.03p net, costing £10.9m for the year.

Despite lower crops from plantations at the beginning of the year due to drought conditions, selling prices improved and profits were maintained, directors state.

Although British Chrome and Chemicals' production was hampered by temporary failure of kiln refractories in the second half, record profits were achieved in most activities elsewhere in the UK and overseas.

Turnover in the timber division improved, but margins suffered from competition in less buoyant markets. Profits were slightly below those for 1977.

Earnings from tea trading fell in sympathy with the market and reductions in certain other activities exceeded surpluses elsewhere. The base for comparison also changed with the transfer of the Indian results in 1978 to associated companies.

See Lex

WGI advances by 72% to £2.06m

AN OUTSTANDING performance by the civil engineering division enabled WGI to boost taxable profits by 72 per cent in the year to March 31, 1979. And the construction and engineering group is, as forecast, lifting the total dividend from 5.8p to 7p with a final of 4.5p. Treasury approval has been given.

Pre-tax profits for the year jumped from £1.2m to £2.06m on turnover ahead 53 per cent — from £22.9m to £35.4m. The civil engineering side hoisted its surplus from £117,641 to £1.18m.

The results also reflect a continuation of the midway improvement when the taxable surplus advanced from £496,870 to £972,385.

After the debit the available profit is down from £963,344 to £934,342.

WGI offered final profit yesterday that the horrors of 1977 are long past. Recovery has, in the event, been easily achieved and a 72 per cent improvement takes profits on to new and probably teatle ground. The shares added 8p to 124p but a fully taxed p/e of 5.9 is possibly making too much of the volatility of civil engineering. Middle East orders which have played such an important role in this renaissance. Certainly, the level of work in Saudi Arabia and Bahrain may be difficult to hold in 1980, although the current year looks secure, yet the group is seemingly confident of a quiet but determined rise in UK activity to make up for any overseas shortfall. A slight upturn in the refractory contribution gives some evidence of the group's defensive qualities in a very tight steel market but if profits are to go anywhere much beyond £3m pre-tax this year, an improvement in process engineering will presumably play a big part. The effects of industrial action on a major North East contract are being played down for the moment but given the important caveat that labour disruption will not recur, WGI stands a reasonable chance of imposing 1977 margins on to 1978 process plant turnover. Meanwhile, the group's support in process engineering runs into further damaging strikes.

Disappointing profits in the process operations were caused by industrial action affecting one large contract. But West's Prochem, which is part of the division, is ahead of schedule in profits and turnover.

The three companies acquired during the year, Cawthray and Company, Dowsett Piling and Foundations and Geo. Sands and

Dobson Park improves 4% to £6.63m at six months

ON SALES some £7m higher at £71m, Dobson Park Industries, the mining and specialised engineering group, improved taxable profits from £6.35m to £6.63m for the six months to March 31, 1979. In the previous full year, a record £33.99m surplus was achieved.

Orders for mining roof supports and Kango hammers remain at a good level and the directors are confident of a continuing good performance from these areas of the group's business.

However, the immediate future for the engineering division will continue to be affected by the state of the generator market and by the slow recovery in some other markets for its products.

Furthermore, they say trading results from overseas subsidiaries will be influenced by the continuing start-up expenses of new mining machinery offshoots, while German subsidiaries are suffering from the relative strength of the mark.

Nevertheless, the directors express confidence about the long-term outlook for the group. After a higher half-yearly tax charge of £2.57m (£2.02m) earnings fell from 7.3p to 6.1p per 10p share. The net interim dividend is raised by 10 per cent from 1.5p to 1.65p and at least a similar increase in the final is forecast—last year's final was 2.5p.

The directors add that the amount of this year's final payment will be decided in the light

of dividend legislation and tax policy, and the outcome of current negotiations with Mining Supplies.

The talks concern a possible merger between the two companies by way of an offer by Dobson Park for the whole issued capital of Mining Supplies.

comment

Dobson Park is entering a period of sub-normal profits growth due to the less buoyant conditions in the engineering division (27 per cent of group sales in 1977-1978), which stem mainly from the drop in demand for Markon alternators in the Middle East and Nigeria. In the first half this was exacerbated by industrial problems and the bad weather, and group profits rose by only 4 per cent. Elsewhere, the important mining division continues to lead the way, in spite of some downturn in deliveries of spares to the National Coal Board. This was more than offset by the large orders from China and Australia. Overall, the prospects are excellent as the company is a leading supplier of mining equipment to the coal mining industry—a sector that is assuming greater importance since the oil crisis. For the immediate year however, around £14.5m pre-tax looks possible, an increase of 8 per cent. Taking a line through the interim tax charge, the prospec-

ive p/e is 8.6 (or 11 fully taxed) at 116p while the potential yield, assuming a 20 per cent dividend, increase is 6.3 per cent.

J. Smart expects to hold £1.3m

VIRTUALLY static full-year profits are forecast by J. Smart and Co. (Contractors). The directors estimate taxable profits will not be less than £1.25m in the year to July 31, 1979, compared with £1.29m last time.

These results are again a reflection of the highly competitive conditions which still prevail in the industry and the bad weather last winter, the directors of the building and public works contractor explain.

Trading profit is likely to be steady at £1.23m (£1.21m), while profit on sale of investments, etc., is expected to be down from £76,062 to £25,000.

The net interim dividend is stepped up from 0.55p to 0.605p, and the Board intends to pay a maximum permitted final of £2,559,949 (£1,478,125p). If the current restrictions were lifted, the Board would consider the level of dividend "with proper regard to the company's earnings power and financial strength."

Guthrie well on target with £20.9m

A SECOND-HALF recovery from 8.52m to £16.14m at Guthrie Corporation has lifted taxable profits for the whole of 1978 from 19.65m to a record £20.9m, compared with the £20.5m forecast made in February. Turnover was down from £252.9m to £257.5m.

During the year, profit falls in North America, Europe, Australia, and Africa and the Middle East, were more than offset by the gain from South-East Asia.

Mr. Mark Gent, chairman, comments the group's forecast of 30m for the current year made in March. He says that some smaller areas of operations—Australia and Nigeria in particular—have made a poor start

to 1979, but the two major regions, South-East Asia and North America, are performing very well indeed.

Turnover	1978	1977
Operating profit	20.9	20.5
Profit before tax	20.5	20.5
Taxation	0.6	0.6
Net profit	19.9	19.9
Preference dividends	0.1	0.1
Dividend	19.8	19.8

After lower tax of £23.9m (£26.5m) for 1978, minorities and preference dividends, earnings were higher at £28.5m compared with £21m or 52.7p (51.7p) per £1 share.

As forecast in December 1978.

extraordinary items and restatement exchange difference, are shown as 31p (31.5p) before adjustment for prior year ACT, and 32.9p (29.9p) after the same.

A final dividend, as forecast, of 15p lifts the total distribution for the year to 21p (15p) net.

The directors have forecast a dividend of not less than 25p for 1979, a 33 per cent increase.

The directors say that the offer by Sime Darby, which expired on March 27, 1979, was rejected, "as failing to recognise the intrinsic value of the Corporation's assets."

Sime remains a major shareholder with nearly 30 per cent of the equity.

1978-79 1977-78

Turnover	36,381,494	27,872,557
Engineering	1,454,578	1,341,645
Refractory	4,703,578	4,484,871
Process eng.	12,306,681	7,619,941
Mining	5,855,577	3,826,093
Profit	2,229,835	1,196,829
Civil engineering	1,155,447	117,541
Refractory	564,143	538,990
Process eng.	232,112	334,536
Dividend	261,127	185,542
Int. not charged	182,576	182,576
Profit before tax	2,057,159	1,196,829
Tax	555,202	342,045
Profit after tax	1,501,957	854,784
Extraordinary debit	567,615	138,330
Available	379,254	272,133
Dividend	379,254	272,133
Retained	558,078	721,211

Warren Plantations turns in £5.8m

AS EXPECTED, taxable profits of Warren Plantations Holdings were well down for 1978 from 10.5m to £5.8m on turnover of 22.7m against £23.7m.

Despite substantial falls in tea and coffee prices the directors feel that the results are satisfactory, and are further evidence of the benefits being derived from the geographical and operational diversification policy undertaken in recent years.

The current year has started unsatisfactorily, they state, and though commodity prices and

cropped in some traditional operating areas are below levels at the same time last year, they are currently being offset by the contribution from the more recent acquisitions by the group.

In their interim statement the directors said that profits would be below the exceptionally high level of 1977, but would be £5.1m against £4.87m for 1976.

They now say that a number of significant developments took place during the year, the rupee scheme was completed with commencement of remittance

of past profits; and major UK diversification achieved with the acquisition of Joseph Mason paint group.

And the diversification policy contributed to a major reduction in the percentage of tax paid on profits they say: down from 57.45m to £2.95m leaving net profits at £3.82m against £3.45m.

Earnings per 25p share are shown as 50.82p (40.59p) and the dividend is effectively raised to 8.25p (7.355p) net with a final payment of 5.905p.

Cowie up 7.4% midway

AFFECTED by various adverse factors, pre-tax profits of T. Cowie, the car dealing and finance group, went ahead by 7.4 per cent from £704,000 to £756,000 for the half year to March 31, 1979. Turnover rose by 13.6 per cent to £25m.

Mr. Tom Cowie, the chairman, says profits were hit by the Ford strike which limited the supply of new vehicles; the road haulage strike which caused major supply problems; the severe winter, and the extremely high cost of money.

Referring to the motor division, he states that but for the disruptions, profit would have been better than the record it achieved. However, given an adequate supply of new vehicles, the directors are confident the division will improve on its results for the full year.

The chairman adds that finance division results have inevitably been affected by extremely high money costs, although new business growth has continued on terms which will increase profitability. There has been a recent small decline in interest rates and any further easing will help to improve second half results.

Tax for the half year dropped from £339,000 to £330,000, leaving net profits up from £365,000 to £426,000.

Earnings per 5p share improved from 3p to 3.54p and the interim dividend is raised to 0.5p (0.725p) net—last year's total was 2.2715p on record pre-tax profit of £1.9m.

comment

It has been a tough first half for T. Cowie. The Ford main dealer was hit by the factory strike and turned at least £100,000 less than the previous first half. The transport strike and the severe winter took their toll as did higher interest charges. In the face of such difficulties the group did well to post a 7.4 per cent pre-tax

James Finlay falls £3.6m to £12m

SIMILAR fall in the second period as the first left taxable profits of James Finlay and Co., international trader and financier group, behind by £3.6m at £12.4m for 1978. Turnover rose from £72.9m to £85.14m.

Profits at the six month stage had fallen from £6.85m to 3.03m. The directors said that the plantations' profits would be lower for the full year, and while non-tea interests should

achieve further growth it was unlikely this would compensate for the plantation downturn.

Pre-tax figure for the year included lower associates' share of £1.51m against £3.12m last time, and was subject to tax of £7.09m (£6.33m). This was split as to UK net of double tax relief £970,000 (£87,000); overseas tax £3.25m (£2.78m) and associates' £379,000 (£3.06m).

After the tax charge, and minorities, earnings are shown

as 14.4p (20.5p) per 25p share before extraordinary items. As already announced the dividend is stepped up, effectively, to 5.0325p (£1.5688p) net with a third interim of 2.5p, payable on July 25.

There was an extraordinary debit of £106,000 (£277,000) for 1978 reducing the available balance to £4.87m (£6.18m), of which dividends will take £1.98m (£741,000).

Higher interest rates hit Lombard North

FIRST HALF taxable profits of Lombard North Central, the finance house subsidiary of national Westminster Bank group, were affected by the rise in the general level of interest rates which persisted until recent months. As a result, for the six months to March 31, 1979, the surplus, on last year's accounting basis, was marginally down from £9.87m to £9.21m.

However, revised for the adoption of the investment method of accounting for leasing profit for the half year is shown at £17.45m. Reporting this the Carl of Crawford and Balcarres, the chairman, says that it has not been considered practicable to state the comparative figures.

The interest rate rise was above market forecasts. He adds,

however, that there was a substantial increase in the volume of new business of excellent quality during the six months included and that the results are satisfactory.

On the revised basis a tax credit of £7m increases the net balance to £24.45m and the attributable total emerges at £24.15m.

And the directors say they are confident that profit growth for the remainder of 1979 will be more in line with previous years.

Sales for the half-year were ahead 7.3 per cent to £80.93m. Mr. J. J. West, the company's chief executive, says that the sales were satisfactory in the light of the major product rationalisation programme carried out over the past nine months.

The interim dividend is raised from 6.25 cents to 6.5 cents and the directors expect the final to be at least equal last year's figure.

Reckitt and Coleman owns 69.73 per cent of the company's equity.

Reckitt Australia confident

After-tax profits of Reckitt and Coleman Australia advanced by 7.4 per cent to \$46.57m in the half-year to April 30, 1979, des-

PARKLAND TEXTILE (HOLDINGS) LTD

Results for year ended 2nd March 1979

A FURTHER SUCCESSFUL YEAR

	1979	1978
	£000's	£000's
● Turnover	31,800	29,194
● Profit before Tax	2,568	2,308
● Earnings per share	31.0p	31.2p*
● Dividend per share	3.22p	2.91p*
● Dividend Cover	9.6	10.7*
* 1978 figures restated.		
● These results are achieved in the face of competition from subsidised imports. This remains our most serious problem and the new government's attitude towards it will determine our future progress.		
● Investments this year in new plant and machinery will run at a higher level than ever before.		

The Hinton's Report.

Sales: a new record at £65 million

Pre-tax profits: £1.36 million—down on 1978 but the second highest in the Group's history

Earnings per share: a record 18-92p per share

Dividends per share: legal maximum 3-2241p per share

Net assets per share: up from 102p to 117p per share

Acquisitions: Dyer Brothers Ltd

Disposals: Wholesaling interests in Beers, Wines and Spirits

Developments: 3 new Supermarkets, 8 discount stores and (including Dyers) 13 off-licences

Implementation of first stage of Company Plan

Future Investment: £2-2 million over next 12 months

Prospects: Tough trading conditions continue but implementation of the Company Plan should produce substantial benefits in the current year.

The Company seeks to earn customer-loyalty by offering an appropriate range of price-competitive merchandise, including fresh and frozen products, through friendly, well-run outlets.

As regionally-based retail chains, Hinton's, Canny and Winterschladen, can be more responsive to shopper needs—quality, value, convenience and choice.

Extracts from the Chairman's Review:

Pre-tax profits are down by 22%. This result is below what I had expected, although it is still the second highest in the Group's history. The figures have been affected by the introduction of new systems in our Distribution operations, which were referred to in the Interim Statement. The costs involved in the start-up of the Canny (limited Assortment Discount stores) operation have been included in this year's figures.

Last year, I included in my Review a statement of the Company's financial objectives. These were summarised as "To achieve a Return on Capital which will

- (i) leave the substance of shareholders' funds intact (by covering inflation)
- (ii) provide for the real growth as well as replacement of assets
- (iii) enable the growth of dividends to match the real growth in earnings per share.

Although the pre-tax profit is down, all three financial objectives have been substantially achieved. Shareholders' Funds have grown by 14%, which comfortably exceeds inflation. That excess provides for real growth and has been invested in new plant and machinery as part of the Company Plan. Dividends have been increased by the maximum allowed under present legislation.

Prospects

The year to March 1979 has suffered at the pre-tax level from the short-term effects of change, whilst at the after-tax level it has gained from the tax allowances in respect of the Capital investment necessary to bring about that change. The challenge which confronts us in the current year is to make those investments earn us higher profits at the pre-tax as well as the post-tax level.

For a copy of Amos Hinton's Annual Report 1979 please complete this coupon and return it to: Mr. A. P. Orr, Amos Hinton & Sons Limited, P.O. Box 24, Master Road, Thornaby Stockton-on-Tees, Cleveland.

Name \_\_\_\_\_

Address \_\_\_\_\_

Amos Hinton's

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UK COMPANY NEWS

BIDS and DEALS

Barclays Int. declines to £58.7m at half-time

Taxable profits of Barclays International, the Barclays Bank offshoot, fell from £62.1m to £58.7m in the half-year to March 31, 1979.

But Mr. H. U. A. Lambert, chairman, says the operating profit—down from £57.7m to £54.4m—held up well in the face of continued pressure on interest margins and the relative strength of sterling.

Net profit comes out at £37m, against £32.3m, after a reduced tax charge. This time there is an extraordinary provision of £4.2m, including £1.8m tax charge, for the loss on disposal of part of the group's holding in an associated company.

The practice of referring to the average performance in the current and preceding four years to arrive at the charge for bad and doubtful debts has been ended.

Profits and losses on realisation of securities redeemable at fixed rates are being taken to profit and loss account in the year in which they arise and not, as before, in equal annual instalments over five years.

SSAP 15 has been adopted and franked investment income, previously grossed up to take account of underlying corporation tax, is now grossed up by the imputed tax credit.

The tax charge has been reduced by £7.3m (£0.5m) for investment allowances claimed by a subsidiary on assets leased to customers.

The accounting date is being changed to December 31, and the next accounts will run from October 1, 1978 to December 31, 1979.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering directors' Official Indications, or for other reasons.

Today: Interims—Thomas French, Grosvenor Property Services, Manxvale Consolidated Minerals.

Future Dates: Interims—Jones (Jewellers), Jun. 20; Lee (Arthur), Jun. 15; Westland Aircraft, Jun. 11.

StanChart talks on capital increase: DISCUSSIONS ON Standard Chartered's proposal to increase its authorised share capital from £100m to £120m have been held with major institutional shareholders.

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recent rights issue had been taken up by about 92.8 per cent of the 17,277,387 shares offered. This included the entitlement taken up by the Midlands Bank.

Bishop's Stores 75% higher

A £1.2m turnaround in the second half boosted Bishop's Stores profits by 75 per cent to £1.41m in the 53 weeks to March 31, 1979.

At mid-year, when the surplus was down from £1.01m to £407,000, the directors forecast only a modest increase in the full-year outcome.

The 53 weeks result—up from £802,000 in the previous year—compared with a record £2.07m in 1976-77.

The directors of the food wholesaler and retailer say the profit increase was due to higher margins and sales in retail activity. And they forecast further progress.

Sales were up 15 per cent at £128.9m, showing a useful volume increase after allowing for the extra week the directors say.

After tax of £72,000 (£88,000), stated earnings per 20p share are higher at 23.9p (14.14p). The net second interim dividend is set at 1.6104p, making a maximum permitted 2.8886p (2.6084p).

Net asset value is given at 23.4p (21.1p).

53 weeks 52 weeks 1978/79 1977/78

Operating profit £m 52.7

Interest on loan capital £m 1.7

Profit before tax £m 51.0

Tax £m 1.7

Profit after tax £m 49.3

Minorities £m 1.1

Attributable £m 48.2

BTR in surprise £26m offer for Bestobell

BTR, the fast growing British industrial holding company, yesterday announced its intention of making a £26.3m bid for Bestobell, a fluid engineering and insulation group.

The plan was revealed without prior discussion between BTR and Bestobell. It appears that the offer would amount to the equivalent of 200p for each Bestobell share.

Bestobell was tight-lipped yesterday in reaction to the offer, saying only that a Board meeting would be called soon.

The development is an early surprise for Mr. Sandy Marshall, the former managing director of P and Q. After his recent resignation from the shipping company, he joined Bestobell as executive chairman only seven days ago.

Mr. Owen Green, the managing director of BTR, explained that his company had made advances to Bestobell six years earlier but that these had come to nothing. BTR had kept track of the company since, and Mr. Green noted that whereas Bestobell's sales had grown from £50m to £95m, pre-tax profits had remained static at £4.9m.

Mr. Green explained that BTR's move was prompted partly by the hope of making Bestobell more profitable and partly by a good fit between the products and geographical spread of the two companies.

He emphasised the way Bestobell's businesses in valves and fluid engineering equipment complemented BTR's own interests in this field.

BTR has been an active acquirer of other companies and has been for years of contested takeover bids. In 1977 the company paid £5.5m for acquisitions and last year £2.5m with the recent emphasis on the U.S. Bestobell is easily the company's biggest prospective purchase in 1979.

The company has about 3 per cent of Bestobell already. A consortium of Bestobell shareholders is Britanic Assurance Company which has 10 per cent.

It is acquiring 97 per cent of Mobelec and the purchase price is made up of 52,868 cash plus 75,057 Marshall's Universal shares at 135p a share.

Further payments in cash or shares for the remainder of Mobelec will be based on 3 1/2 times the average annual net profits before tax during the period December 1, 1978 to December 31, 1980, less the initial payment.

MRS. BILTON SELLS 0.36M SHARES: Mrs. E. G. Bilton, wife of Mr. Percy Bilton, octogenarian chairman of Percy Bilton, the property investment and civil engineering group, sold 366,459 shares in the company a few days before it announced its results for 1978.

This was disclosed yesterday by Percy Bilton's registrars to the evident embarrassment of the company.

The announcement stated that Mrs. Bilton had no prior knowledge of her husband's sale and said that notification had not been received from her.

A spokesman for Percy Bilton said the company did not know what had happened, but believed that none of the shares had changed hands in the market.

Mrs. Bilton is understood to be in the U.S.

ANDREW DRYSDALE: Terra Nova Insurance Company, a wholly-owned subsidiary of C. T. Bowring has acquired underwriters Andrew Drysdale Holdings and Andrew Drysdale. The consolidation of Andrew Drysdale Holdings represents less than 3 per cent of the tangible assets of Bowring and will be in cash.

FRASER ANSBACHER SELLS STAKES: Fraser Ansbacher, the merchant and investment bank which is carrying out a reorganisation, has sold part of its stake in Grand Metropolitan and Associated Metals and Minerals as part of the capital reconstruction. The Grand Met stake has now reduced to 14.15 per cent from 16.65 per cent and the AM stake from 38.97 per cent to 32.16 per cent.

MARSHALL'S BUYS MOBELEC: Marshall's Universal, the motor and parts distributors, has acquired Mobelec, an electronic ignition systems manufacturer for an initial consideration of £164,036.

The move takes Marshall's into the automotive electronics market and, through an agreement with West Products Inc., of the U.S., into the DIY power accessories field.

ARMSTRONG OFFERS SHARE ALTERNATIVE

Armstrong Equipment is now offering a share alternative to its 81p cash offer for Jenks and Cattell. The share offer, announced in the offer documents sent to shareholders yesterday is 11 new shares in Armstrong for every 10 Jenks.

On yesterday's closing price for Armstrong the share offer is worth 82p. Jenks shares were unmoved at 100p.

Jenks' Board has already rejected the cash offer as completely inadequate and is unlikely to be moved either by the paper alternative or Armstrong's claim that the price is 23.7 times Jenks' latest earnings per share after adjustment for the preference dividend.

Mr. J. H. Hooper, Armstrong's chairman, says that Jenks' activities in pressworks, fasteners and garden tools, will extend and complement Armstrong's own ranges. Jenks' for its part will have greater opportunities within the enlarged group, he says.

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On yesterday's closing price for Armstrong the share offer is worth 82p. Jenks shares were unmoved at 100p.

Holt Lloyd pays £4.8m for U.S. car-care group

Holt Lloyd International, the UK manufacturer of car-care products, is paying £10m (£4.8m) in cash for LPS, Research Laboratories of the U.S. LPS, which makes lubricants, rust inhibitors and penetrating fluids at plants in Los Angeles and Atlanta, Georgia, will provide Holt with a significant presence in the world's largest car-care market.

Holt's existing U.S. operations comprise car-care products marketing and distribution. Profits before tax at LPS in 1978 amounted to \$827,000 (£454,000) and net tangible assets at December 31, 1978 were \$2.5m (£1.25m).

Profits for the end of March were \$419,000 (£205,000), double those for the same period last year. This improvement is expected to be reflected in the full year results.

He says the acquisition will enable the group to streamline its U.S. business, reduce overheads and maximise cash flow.

BRITAINS PLANT: Industrial and Commercial Finance Corporation (ICFC) has financed the purchase of Britains Plant, a wholly-owned subsidiary of Britains by Mr. Peter Cook, its chairman and managing director. ICFC has injected £150,000 for the deal and has bought 38 1/2 per cent of the company's shares.

Britains Plant is a plant hire contractor supplying general plant, such as mixers, cranes and compressors.

ASSOCIATES DEALS: Hill Samuel Investment Management as associates of Edgar Awe has bought on behalf of discretionary investment club 25,000 Aurora Holdings at 87p.

MINET: J. H. Minet Life and Pensions, a member of the Minet Holdings Group, a leading international insurance broker group, has changed its name to Minet Consultancy Services.

SHARE STAKES: Awe Group—Sir Julian Hedge has relinquished his interest in a non-beneficial holding of 630,598 ordinary shares.

Hunting Associated Industries—Huntfield Trust has disposed of 108,000 ordinary shares, thereby reducing interest to 8.84 per cent (8.71 per cent). It has acquired 90,000 deferred shares, thereby increasing interest in that class to 17.34 per cent (15.32 per cent).

Brentnall Beard (Holdings)—S. M. Elsbury, director, has sold 65,000 shares.

Gulliver sells 750,000 shares in Alpine: James Gulliver Associates, the private investment company founded by Mr. James Gulliver, has sold half its 1.5m shares in Alpine, Mr. A. J. Dyer, Mr. H. E. Kaye, also a director of Alpine, have been placed with private and institutional investors at 118p. The total value of the transactions is about £1.8m and Gulliver's 750,000 shares, with

a further 750,000 sold by the three founding directors of Alpine Mr. A. J. Dyer, Mr. H. E. Kaye and Mr. M. Stoller, and 30,000 shares sold by Mr. P. B. Kaye, also a director of Alpine, have been placed with private and institutional investors at 118p. The total value of the transactions is about £1.8m and Gulliver's 750,000 shares, with

£1m. Yesterday's announcement comes just over two years after Gulliver became involved with Alpine by buying half a million shares at 13p each from Messrs. Dyer, Singer and Stoller.

Since then taxable profits have improved from £484,000 in the year to January, 1977, to £1.93m in the 52 weeks to January 1978.

CAUSED primarily by planning delays and initial operating losses at its new Stables plant, taxable profits of Leigh Interests fell from £822,000 to £665,000 for the year ended March 31, 1979. Turnover moved just ahead to £14.4m against £13.5m.

Mrs. Joan M. chairman, says it has been a difficult year, with progress in developing and expanding waste facilities being held back by long delays in obtaining planning permission.

The Ford strike last year, and the transport strike in the early months of 1979, also depressed sales and reduced profits. The delays are continuing to affect profits in the current year. Mrs. Agar states, and success in 1979-80 "will depend on how rapidly we can overcome them, and bring our assets into full profit earning activity."

Earnings per 5p share are shown as 5p (6.9p) and the gross dividend is increased from 5.5p to 6.5p with a final 4.3p, costing £329,000 (£198,000). Asset value per share is given as 90p (88p).

Pre-tax figure included associates' loss of £175,000 (£18,000), but after a tax charge lower at £107,000 against £477,000 last time, net profits came out higher at £355,000 compared with £285,000.

The directors estimate that the planning delays cost the company over £250,000 in lost profit in the year. These exceptional items, benefiting future years, were debited in full, they state.

comment: Planning delays and difficulties, compounded by initial operating losses in its associate Stables, have dragged Leigh Interests' profits some 23 per cent down. However, earnings below the line are still an encouraging 45 per cent ahead, thanks to a substantially reduced tax charge. The delays have since cost the group some £250,000 in lost profits and are by no means resolved as yet. The Ford dispute and the transport strike also had a detrimental effect, biting its motor dealership division which lost almost all the ground gained in the first half. Overall problem areas appear to be the heavy building and the dry waste sector, but with the subsequent sale of lost making W. Jones, a recovery in the latter seems possible. Improvements waste treatment and disposal side of the business which accounted for some 72 per cent of total profits. The shares dipped 1p to 105p yesterday when the p/e of 13.4 is heavily reliant on renewed above the line growth.

Confidence at Francis Summer: The directors of Francis Summer (Holdings) are confident of continued improvement and are looking forward to another successful year.

Mr. Max Malmann, the chairman, tells members in his annual statement that despite being affected in the first months of this year by bad weather and industrial disputes, the company's order book and sales showed an increase of around 16 per cent and 8 per cent respectively at the end of April. Low margins hit profits in the

second half of last year and the group ended 1978 with pre-tax profits down from £790,533 to £693,486, on lower sales of £15.1m (£16.87m)—as reported, May 11.

Because of continuing pressure on margins and resultant losses, Cotton and Rayon Spinners, the spinning subsidiary was forced to close Delta Mill. Many of the employees are to be offered alternative employment in the company's other mill which is operating profitably.

The group is engaged in textiles, engineering, plastics and offshore engineering services. Capital expenditure during the year was £280,524 which included some £250,000 for plant and equipment.

"Direct exports were up for the seventh successive year and now represent some 36% of turnover."

"Although all companies need to show an improvement in order intake, the Group has made an encouraging start to the year."

Peter Hodgson, Chairman

Petrocon Group

Manufacturers and suppliers of equipment to the oil, petrochemical, process and water industries.

Exports Increased

SUMMARY OF RESULTS: £'000 1978 1977

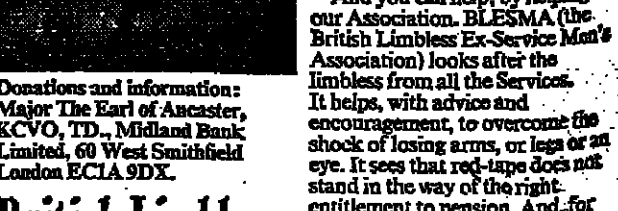
Turnover 11,202 10,122

Trading profit 598 710

Earnings per share 5.42p 8.66p

Dividend 4.5115p 4.5115p

Before tax and before charging exceptional litigation settlement costs of £349,000 (1977 - £25,000).



WE, THE LIMBLESS, LOOK TO YOU FOR HELP: We come from both world wars. We come from Kenya, Malaya, Aden, Cyprus, and from Ulster.

Donations and information: Major The Earl of Ancaster, KCVO, TD, Midland Bank Limited, 60 West Smithfield, London EC1A 9DX.

Carroll Industries Limited (formerly P.J. Carroll & Company, Limited) ANNOUNCEMENT OF INTERIM RESULTS

Six months ended 31st March, 1979. Change of Name. The proposals for changing the name of the parent company approved at the last Annual General Meeting have now been implemented. As a result the parent company of the Group is now CARROLL INDUSTRIES LIMITED.

Results for the first half of the current year reflect continuing progress of the Group. Interim dividend increased. Ordinary issued Capital to be increased by 1 for 1 scrip issue.

The Group Accounts for the six months ended 31st March, 1979 have been prepared according to the current cost accounting convention as proposed in the interim recommendation on inflation accounting issued by the Accounting Standards Committee on 4th November, 1977.

Accounts prepared according to the historical cost accounting convention are included at the end of this Statement.

GROUP PROFIT & LOSS ACCOUNT (Current Cost Convention): Six months to 31/3/79, Six months to 31/3/78, Year ended 30/9/78

Profit before Taxation and Interest based on the Historical Cost Convention: 2,985, 1,951, 3,052

Group Operating Profit: 2,441, 1,367, 3,877

Adjusted Profit before Taxation: 2,368, 1,399, 3,994

Earnings per Share: 7.8p, 3.7p, 10.9p

Note 1. Following the change to End Product Tax on 1st January, 1978, sales for the corresponding period have been restated excluding duty drawback on tobacco exports for the three months ended 31st December, 1977.

Note 2. The Gearing adjustment is based on the average of the opening and projected closing values shown in the Current Cost Balance Sheets at 30th September, 1978 and 1979.

Note 3. Taxation amounting to £380,000 is calculated at current rates on the 6 months profit; £302,000 is attributable to current cost profit and £78,000 to current cost adjustments.

Performance for the half-year: In the tobacco division domestic sales and exports were satisfactory. Operating Profit showed a marked recovery when compared with the corresponding six months last year, a period in which profit was exceptionally low. It is not expected that the Operating Profit of the second half year will differ materially from that achieved in the first.

Calmill May Roberts Limited, Pharmaceutical Wholesalers and Dakota Limited, Print and Packaging, both showed Sales and Profit increases over previous year levels.

A satisfactory increase in Profit after Tax as measured under the current cost convention is seen to be particularly important within the Group since this reflects the true costs of maintaining the assets required in a going concern and indicates the real surpluses available for the Group's development objectives.

Dividend Policy and Increase in Issued Capital: The Directors' approach to dividend policy is related to longer term aims for the expansion of the Group. The policy seeks: (i) to maintain at least the purchasing power of shareholders' incomes

Interim Dividend: The Directors have decided that results thus far and the outlook for the year as a whole warrant an increase in the total dividend distribution. They also wish to reduce the imbalance between the interim and final payments.

Accordingly, an Interim Dividend will be paid net at the rate of 2.988 pence per Share, the related tax credit being 1.012 pence per Share (last year paid net at the rate of 2.148 pence per Share, the related tax credit being .852 pence per Share). This is equivalent to 16 1/2% gross (last year 12% gross). The net cost of the Dividend is £717,120. The Interim Dividend will be paid on 9th July, 1979 to holders of Ordinary Shares of the Company whose names appear on the Company's register at the close of business on 21st June, 1979.

Capitalisation Issue: An Extraordinary General Meeting will be held before the end of the present financial year at which proposals will be submitted to enlarge the authorised capital of the Company and capitalise £6 million of the Company's Reserves. This amount will be applied in the issue of fully paid Ordinary Shares in the proportion of one 25p Ordinary Share for every one 25p Ordinary Share. These new shares will not rank for the Interim Dividend but otherwise will rank pari passu in all respects with the existing Ordinary Shares.

It is the present intention to recommend a final dividend on the enlarged capital at a rate equivalent at least to 13% (rate equivalent to 26% on the present capital, as paid last year). The effect of these intentions for the year as a whole would represent a total distribution on the present capital at a rate equivalent to at least 42% (last year 38%).

Interim Results—Historical Cost Convention: GROUP PROFIT & LOSS ACCOUNT

Group Sales: 54,148, 48,340, 99,015

Earnings per Share: 9.5p, 5.3p, 14.3p

Attributable to Ordinary Shareholders of P. J. Carroll & Company, Limited: 2,275, 1,281, 3,422

Preference Dividend: 9, 9, 18

Group Profit before Taxation: 2,664, 1,801, 4,804

Taxation: 380, 511, 1,364

Group Profit after Taxation: 2,284, 1,290, 3,440

Interest Payable less Receivable: 321, 150, 248

Group Trading Profit: 2,985, 1,951, 3,052

Interest Payable less Receivable: 321, 150, 248

Group Profit before Taxation: 2,664, 1,801, 4,804

Taxation: 380, 511, 1,364

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**MINING NEWS**

**Anglo American earns a record R202m**

BY KENNETH MARSTON, MINING EDITOR

RECORD results for the year to March 31 are announced by Anglo American Corporation, South Africa's leading mining finance and industrial house. Net profits, before extraordinary items amount to R202m (£115m), equal to earnings of 90.2 cents per share. This exceeds the total of R195m for the previous period of 15 months.

A final dividend is declared of 32 cents (18.5p) which makes a total of 46 cents. The total for the previous 15 months was 45.25 cents, being made up of interim of 8.25 cents, an interim of 12 cents and a final of 25 cents.

investment income. Both should earn more in the current year with gold bidding to overtake diamonds. The third major investment income source, industrial interests, is also likely to do better. At the London price of 44p the shares yield just under 6 per cent, a reasonable return for a high calibre investment, allowing for its heavy involvement in Africa.

**Brinco moves on Labrador uranium**

BRINCO, a cash-rich Canadian minerals development company in the Rio Tinto-Zinc group, has brought the possibility of exploitation at the Kitis-Michelin uranium deposit in Labrador a stage further by the submission to the provincial government of an environmental impact statement.

The submission was made against the background of marketing and financing discussions with a major utility for project development which, a Brinco statement said yesterday, "are proceeding favourably." This progress has encouraged Brinco to resume drilling at sites in the concession area near what have hitherto been considered the main deposits.

The development envisaged by Brinco would be staged from the town of Goose Bay, to the south of the deposits, where infrastructure is already in place. Brinco plans an open-pit mine at Michelin and underground extraction at Kitis with an annual production of 1.3m lb of uranium oxide over 15 years.

**NEW LIFE FOR S. ROODEPORT**

South Roodport Main Reef Areas, the ageing South African gold mine now owned by Golden Dumps, has found new ore reserves which will extend its life by at least five years.

But the directors have warned

that exploitation will need substantial capital expenditure, writes our Johannesburg correspondent.

Development of the new areas is expected to take 18 months, so there will be no benefit for the shareholders until 1981. The payable ore was found in an abandoned shaft area.

**Output rising at ERGO**

PRODUCTION of gold, uranium and sulphuric acid at South Africa's East Rand Gold and Uranium (ERGO) climbed in March and April. Providing the gold market remains firm, the company expects to pay shareholders a dividend of at least 50 cents (28.4p) in the year to next March, double the 1978-79 payment.

ERGO, a unit of Anglo American Corporation of South Africa, extracts the materials from waste dumps around Johannesburg, but in its first year of operation failed to bring production up to planned capacity.

Gold and acid output "is not yet up to expectation," says Mr. Harry Oppenheimer, the chairman, in his annual statement, published today.

Following the higher outputs achieved in March and April, Mr. Oppenheimer is looking for a continuing improvement to production, targets in the current financial year of 5,500 kg of gold, 200 tons of uranium oxide and 450,000 tons of sulphuric acid and oleum. It was originally anticipated that gold production in the early years would be 7,000 kg annually.

What the company classifies in the annual report as "teething problems" in its first year included a succession of engineering problems relating to equipment and design failures, an under-estimate of the number of people needed to run the plant, high absenteeism and an unstable labour force.

ERGO shares in London yesterday were 20 lower at 282p, in line with the general trend on the market.

**UK COMPANY NEWS**

**Brent Walker makes 83% leap**

PROFITS BEFORE tax of Brent Walker, the leisure group, jumped by some 83 per cent from a restated £355,300 to £651,655 for 1978, on turnover up by 36.3 per cent to £8.86m.

Comparative profits have been restated on a change of accounting policy for depreciation for freehold and long leasehold property.

After a deferred tax charge of £201,247 (£232,427) net profits increased from £122,873 to £450,408.

Earnings per 5p share were well up from 1.76p to 6.43p and a final dividend of 1.03217p lifts the total payout from 1.25121p to 1.38217p.

There were extraordinary credits of £52,862 against £20,515 debits. Dividends absorb £96,752 (£87,584) leaving a retained surplus of £406,518, compared with £14,774.

comment  
Brent Walker's restated figures show an impressive 83 per cent

profits rise for 1978. The results would have been even better if the company had decided to include a three month's contribution from the new Cairo hotel, but this is being carried over to the current year. BW is reluctant to give a divisional breakdown at this stage but growth has apparently been evenly spread throughout all the divisions.

These latest figures include first time profits from the shopping precinct in Oxford Street as well as from the film, The Stud, which BW financed. All activities look set to make another healthy contribution to group profits in the current year—a sentiment which is reflected in the historic p/e of 13.4 at 87p. The shares yield 2.4 per cent.

**Optimism at Five Oaks**

The directors of Five Oaks Investments, the property invest-

ment and housebuilding concern, are aiming to discharge the arrears of preference dividends and arrive at a position where they can recommend payment of a dividend to ordinary holders.

Writing to shareholders advising them to reject the proposals of Mr. J. M. Featherer, Mr. A. A. P. Southall, the chairman, adds that the company has now repaid all its past indebtedness of £7m.

Mr. Featherer, who with associates controls 26.4 per cent of the Five Oaks equity, is seeking to replace three of the present directors, Mr. Southall, Mr. K. Richardson, the managing director, and Mr. E. I. Lilley, with three other directors including the chairman of Midland Industries Mr. Eddie Marsland. The proposals will be put to an EGM on June 15.

Mr. Southall reports that Five Oaks is poised to increase profits from its property investment portfolio and in the private residential sector.



Preliminary Results for the Year ended 31st March, 1979

	1979	1978
Turnover	£22,412	£20,010
Profit before tax	787	508
Profit after tax	358	286
Dividend per share (net)	1.5p	1.0p
Earnings per share	4.79p	3.83p
* Turnover up 12%		* Profits up 55%
* Exports up 58%		

Copies of the Company's Report and Accounts will be available after 10th July, 1979 from:  
The Secretary, Culter Guard Bridge Holdings Limited  
Guardbridge, Fife KY16 0UU

	Year ended	Fifteen months ended
	31.3.79	31.3.78
Investment income	220.2	213.2
Interest and fees	82.2	78.4
Trading profits	11.8	18.1
Realisation	322.4	319.3
Interest paid	46.4	40.2
Prospecting costs	11.8	15.2
Prov. against ins.	2.5	5.0
Profit before tax	285.0	284.7
Taxation	15.2	17.0
Profit after tax	269.8	267.7
Outside holders	42.7	46.8
Prof. & Div. share	2.4	5.3
Arbit. before	252.0	185.0
Extraord. items	80.2	89.3
Ord. dividends	103.0	89.1
Retained before	98.0	95.9
Extraord. items	6.3	33.5
Retained after	92.1	62.4

On the latest occasion there is a provision of R16.3m against the investment in the struggling UK Cleveland Potash operation. This suggests that a further provision will be made against Cleveland by Charter Consolidated which owns 37 1/2 per cent of the potash producer; Charter's results are due early next month.

comment  
Anglo's latest results are particularly good in relation to those of the previous longer period because the latter covered two March quarters (of 1977 and 1978) which are the ones when Anglo has its highest income flow. The good performance largely reflects the group's important stake in gold and diamonds which in the previous 15 months provided 30 per cent and 82 per cent, respectively, of

**The Guthrie Corporation**

Mr. Mark Gent OBE reports record results

Preliminary results for year to 31 December 1978

	1978	1977
	£000	£000
Operating Profit:—		
South East Asia	20,540	17,400
North America	3,468	5,444
Europe	179	340
Australia	297	380
Africa and Middle East	978	1,710
	25,462	25,274
Interest	4,565	5,627
Profit before taxation	20,897	19,647
Earnings per ordinary share before extraordinary items and restatement exchange difference	31.0p	31.8p
Assets attributable to ordinary shareholders	174,801	107,328

recovery and extraordinary items, in 1978 there was a profit before tax of \$55.6 million.

The improvement took place in all the significant operations, both in Malaysia and in Singapore.

Since the end of the year, the 50% share held by Guthrie Berhad in the shipping and travel group, Guthrie Boustead, has been sold to our previous partners.

**Europe**

Throughout the year, the carpet operations were seriously disrupted by the installation of new machinery and the last stages of the move from the old Templeton Street premises. These operations, comprising Templeton, Kingsmead and Woodward Grosvenor, have some of the most up-to-date production units in the world and the debilitating effects of substantial losses should now be behind us.

The trading, food, plastics and textile operations in the UK and Holland all had a satisfactory year.

**North America**

The acquisition of the public-minority shareholdings in Industrial Corporation in October 1978 has enabled some rationalisation of management structure in North America. Guthrie North America controls Ajax Magnethermic Corporation and the Ohio-based Water Refining companies. Guthrie Canadian Investments comprises the Canadian subsidiaries of the former Industrial Corporation.

**Ajax Magnethermic**

The crippling strike at the Warren, Ohio, factory of Ajax, which lasted from mid-May to end-September, seriously affected the year's results. In the circumstances, the company's management showed remarkable resilience and, in the final quarter, recovered a lot of the lost ground.

A supplementary manufacturing facility located in Winterville, North Carolina, has recently become operational.

Most other subsidiaries of Ajax performed satisfactorily and Ajax Canada had a particularly encouraging year.

**Guthrie Canadian Investments**

At Butler Stampings, the failure of new presses to perform to specification placed considerable strain on capacity, resulting in a lower level of profit than in 1977.

The other subsidiaries had a satisfactory year, with Butler Plastics and Trench Electric returning very good results.

**Australia**

As noted in the Interim Report, substantial rationalisation followed the sale of the Corporation's stake in Sanyo-Guthrie. A number of small subsidiaries were sold or closed and the remaining operations in Australia are principally in textiles.

Since the end of the year, agreement in principle has been reached to buy the 50% of Yarragon Textile Mills Pty Ltd not presently held by the Corporation. Yarragon is a major supplier of yarn to Palm Beach Towel.

**Africa & Middle East**

**Nigeria**

In accordance with the provisions of the Nigerian Enterprises Promotion Decree, the sale of a further 20% of the equity of Guthrie (Nigeria) has been completed and the company is now an associate. Trading conditions were poor throughout the year and this was reflected in the results.

**United Arab Emirates**

Guthrie Galadari, a joint trading partnership between the Corporation and A. R. E. Galadari & Brothers, began trading in November 1978. The company, based in Dubai, has been established to provide a modern distribution network throughout the Gulf for a wide range of consumer goods.

**Future Prospects**

Future prospects—both for the current year and for the longer term—have been fully ventilated in the last few months.

Additional copies of 'The Future of Guthrie', summarising the perspective for the Corporation in the 1980s, are available for shareholders who may wish to have them.

Profit before taxation—based on rates of exchange ruling at 31 January 1979—was forecast at £30 million for the current year. Some smaller areas of operation—Australia and Nigeria in particular—have made a poor start to the year. However, the two major regions, South East Asia and North America, are performing very well indeed.

In consequence, your Board reiterates its intention to recommend a total dividend for 1979 of not less than 28p per share.

This is the first Chairman's Statement which I have had the privilege of addressing to you. It is written in the wake of the unsuccessful bid for control of the Corporation by Sime Darby Holdings Limited.

It is also written with considerable sorrow, since it should have been the final statement from Sir Eric Griffith-Jones KBE CMG who became Chairman on the formation of The Guthrie Corporation Limited by Scheme of Arrangement in June 1965, and who died on 13 February 1979. Sir Eric, who was the architect of the Corporation and under whose leadership it has become a major international organisation, was due to retire at the forthcoming Annual General Meeting.

**Directors**

I have to record with regret the death of another colleague, John Ratcliff, the Chief Executive of Guthrie Industries Europe, who died on 21 September 1978, after a long illness.

Bernard Lewis, Chief Executive of Kumpulan Guthrie Sdn Bhd, was appointed to the Board of the Corporation on 28 March 1979. It is a fitting reward for his leadership in recent years.

John A. Logan, Chief Executive of Ajax Magnethermic Corporation, was also appointed to the Board on 28 March 1979. His appointment reflects the importance which we attach to North America for future growth.

In accordance with the articles of association Hilton Clarke, having reached the age of 70, will retire at the Annual General Meeting. He joined the Board in July 1967, shortly after retiring as Principal of the Discount Office at the Bank of England. His contribution to the Corporation throughout this period has been invaluable.

**Results for 1978**

Once again, profit before tax was at a record level in 1978, improving to £20.9 million from the previous highest profit, returned in 1977, of £19.6 million. This compares with the estimate of £20.3 million made in February 1979.

Earnings per share after allowing for unrelieved Advance Corporation Tax (ACT), which includes an underprovision of £543,000 in respect of 1977, are 31.0p per share.

**Dividend**

An interim dividend of 6p per share was paid on 4 April 1979.

The final dividend recommended for 1978 is 15p per share, making a total for the year of 21p per share. This compares with 15p in 1977 and 10p in 1976.

**Taxation**

The overall taxation charge includes unrelieved ACT on the higher recommended dividend.

**Inflation Accounting**

The Board continues to take the view that presentation of inflation-adjusted accounts at this time would be unproductive. Hopefully, the accounting profession is now moving towards agreement on this subject. Once the uncertainties are removed, inflation-adjusted accounts will be published.

**Sime Darby**

Since the end of 1978, an attempt by Sime Darby Holdings Limited to buy control of the Corporation failed. Sime Darby remains as a major shareholder with nearly 30% of the equity.

Shareholders will already have received more than enough information on this subject and should know only that the expense of preserving their interests has been heavy both in cost and in management time.

Your Board's advice that the Sime bid of 523.75p substantially undervalued the intrinsic worth of the Corporation's shares has been amply justified by subsequent events. Since the bid lapsed, and in market conditions during which the FT Index has fallen, the Guthrie share price has reached 600p.

The Sime situation gives me an unusual opportunity to pay tribute to the key advisers to the Corporation, our merchant bankers, Baring Brothers & Co. Ltd.,

our solicitors, Slaughter and May, and the auditors round the world, led by Deloitte Haskins & Sells, all played their full part in enabling the Board to mount its successful defence.

**Staff**

While the record level of profit before taxation speaks for itself, I know that you would wish me to extend our grateful thanks to every member of the staff.

Since the end of the year, they have been subjected to persistent rumour and uncertainty. In their turn, they are grateful to those shareholders who supported the Board and the staff, rejected Sime Darby's advances and maintained the independence of the Corporation.

Morale is high and the determination to succeed has never been greater.

**South East Asia**

**Plantations**

In spite of the poor oil palm crop in the first half of 1978 as a result of adverse weather conditions, an improvement in the second half—alloyed to satisfactory prices—resulted in a virtually unchanged level of operating profit from the plantation interests. The commodity-dealing companies in the UK (Wm. Symington) and in the USA (Guthrie Industries Inc.) continued to make a satisfactory contribution to results.

The Corporation has for many years been committed to a policy of increasing local participation in the equity of its Malaysian businesses, in particular by Malay (Bumiputra) institutional and private investors.

Following the reconstruction of the plantation companies in 1977, so that they became locally-incorporated, agreement was reached with the Malaysian authorities for a merger between Guthrie Ropel, quoted on the Kuala Lumpur Stock Exchange, and one of the Corporation's wholly-owned plantation subsidiaries, Kumpulan Temiang.

The merger was completed on 29 December 1978. Guthrie Ropel now owns 59,000 planted acres of rubber and oil palm, slightly less than one-third of the total planted acreage of the Guthrie group in Malaysia.

It is our intention that the remaining two-thirds will be transferred to the ownership of Guthrie Ropel progressively within the next ten years. Guthrie Ropel will then own the Corporation's entire plantation business in Malaysia, with a substantial part of its equity held by local investors.

In January 1979, following the merger, 10 million of the newly-issued Guthrie Ropel shares were offered for sale to the Malaysian public; this issue was well received and over-subscribed. As a result, local investors continue to own 40% of Guthrie Ropel in accordance with the agreement reached with the Malaysian Government.

The Corporation has fully conformed both with the spirit and with the letter of the Malaysian Government's New Economic Policy and it is regrettable that this was used by Sime Darby to attempt to undermine the real value of the plantation assets.

As you will know from defence circulars, the Corporation commissioned C. H. Williams, Talhar & Wong Sdn, a leading Kuala Lumpur valuer, to provide an up-to-date open market valuation of the plantation land and buildings. We are satisfied that this new valuation is realistic and it has been incorporated in the Consolidated Balance Sheet at 31 December 1978.

**Guthrie Berhad**

The groundwork of Mr. R. F. Jenkins in rehabilitating Guthrie Berhad was continued during 1978 by his successor, Sir Anthony Hayward.

Considerable improvements have resulted. Whereas in 1977 Guthrie Berhad lost \$55.9 million before tax

**Anglovaal Group**



Declaration of ordinary and participating preference dividends year ending 30 June 1979—Investment companies

Dividends have been declared payable to holders of ordinary and participating preference shares registered in the books of the undermentioned companies at the close of business on 29 June 1979. The dividends are declared in the currency of the Republic of South Africa. Payments from London will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 2 July 1979, or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 1 August 1979. The transfer books and registers of members of the companies will be closed from 30 June to 6 July 1979, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

NAME OF COMPANY (Indicated otherwise)	Dividend declared (Number of shares)	Total for financial year (cents)	Notes	Estimated 1978 R000	Actual 1978 R000	Amount absorbed by dividends 1978 R000	1978 R000
Anglo-Transvaal Consolidated Investment Company, Limited	50	65	1, 3 & 4	22 129	16 462	6 556	5 171
Participating preference (Ordinary and A)	67	120	2				
Ordinary (Wholly-owned)	57	23.5	3 & 5	7 576	3 847	3 495	2 829

- The results of the Company's mining subsidiary, Prieska Copper Mines (Pty) Ltd have not been included in the estimated consolidated results and members are referred to the quarterly report of that company which will be published on or about 18 July 1979. The Company's interest in Prieska Copper Mines (Pty) Ltd will be published in a separate statement in the annual financial statements.
- This declaration represents 5 cents in respect of the fixed rate of 5% per annum for the half-year ending 30 June 1979 and 60 cents, being 50% participation in the final dividend of 120 cents declared on the ordinary and "A" ordinary shares.
- Amount absorbed by dividends includes preference dividends.
- Extraordinary profits not included above amount to R1 407 000.
- Includes profit on realisation of investments R1 590 000 (1978—R261 000).

By order of the boards  
Anglo-Transvaal Consolidated Investment Company, Limited  
Secretaries  
per: E. G. D. Gordon  
7 June 1979

Registered Office:  
Anglovaal House  
56 Main Street  
Johannesburg 2001  
London Secretaries:  
295 Regent Street  
London W1R 8ST



**Warren Plantation Holdings Limited**

- Dividend increased by 12.5% to 8.25p per share.
- Major U.K. diversification achieved with acquisition of Joseph Mason Paint Group.
- Due to diversification policy major reduction in tax charge.
- Indian Rupee Scheme successfully implemented with commencement of past profits remittance.

Summary of group results (£'000s) to 31 December

	1978	1977	1976
Turnover	22,689	23,727	15,913
Profit before taxation	5,800	10,899	4,668
Profit after taxation	2,821	3,448	1,602
Earnings per share	30.92p	40.59p	20.49p
Dividend per share	8.25p	7.33p	4.55p
Return on capital employed	30.52%	69.73%	34.92%

The Guthrie Corporation Limited, 120 Fenchurch St., London EC3M 5AA



Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Slow start seen for New York insurance market

NEW YORK—Establishment of the New York Insurance Exchange will make it easier for U.S. brokers to write reinsurance policies here...

underwriting syndicates, but from 40 brokers, he noted. What the Insurance Exchange really needs to get off the ground is an infusion of outside capital...

Sambo's Restaurants loss

THE CALIFORNIAN-based restaurant chain, Sambo's Restaurants has turned into loss in the first quarter of this year but expects 1979 as a whole to be profitable.

restaurant managers and the seasonal nature of its operations. Comparisons with prior year's results will continue to be effected by the elimination of income from the sale of partnership interests.

THE EDPER INVESTMENTS-BRASCAN STORY

How one family helped another

BY ROBERT GIBBENS IN MONTREAL

THE BRONFMAN FAMILY, descendants of Samuel Bronfman, founder and chairman of Seagram, the world's largest distilling empire, have always attracted their share of world interest.

been settled, they moved into action with the Patino mining family to get control of Brascan Ltd., which late last year revealed that it was receiving U.S.\$380m cash from nationalisation of its power subsidiary in Brazil.

join the executive ranks of the Seagram distilling empire of their uncle, but were thwarted by family rivalries. Just over ten years ago, they emerged unceremoniously on the Montreal takeover scene with a bid for an obscure "Shell" company, Great West Saddletry, which had been dormant for

Great West Life was held. They were defeated, and retreated into the background. Great West Life went into the Power Corporation of Canada camp, and it was only some time later that Peter and Edward took control of Trizec Corporation.

back into the market and bid for more. The Bronfmans changed their minds and did what Mr. Patino suggested, buying a further 3m Brascan shares—though the day before one of their spokesmen had said publicly that they would buy no more.

Revised offer puts \$135m tag on Financial General

WASHINGTON—Financial General Bankshares has received an increased tender offer bid from Credit and Commerce America Investment BV of \$22.50 a share, worth a total of \$135m.

offer is subject to the receipt of various regulatory approvals and that there can be no assurance that these approvals can be obtained, regardless of its board's decision.

Bid for Bunker Ramo off

GERMANTOWN—Fairchild Industries has dropped its bid to purchase additional shares of Bunker Ramo Corporation and to merge the two companies.

Widespread gains in Eurobonds

THE STEADY rise in prices since the beginning of the week in the New York bond market spilled over into the Eurobond market yesterday. Helped by the announcement that US whole sale prices had increased by a modest 0.4 per cent—a full percentage point had been expected—Eurobond prices put on an average of 1/4 of a point, particularly at the longer end of the maturity range.

ing sentiment is the good quality of the new paper on offer, both in the straight bond and the floating rate note sector of the market. The good reception of this week's offerings is confirmed by the prices—usually within the 1/4 points offered by the selling group discount—at which these issues are being quoted in pre-market trading.

Economic has been priced at par by the lead manager, European Banking Company. The minimum coupon of this 10-year bullet issue is 6 per cent. In the Swiss Franc sector prices were weaker again yesterday and spilled over into the foreign bond market.

Credit Suisse advertisement featuring U.S. \$100,000,000 Credit Suisse (Bahamas) Limited, convertible debentures due 31st December 1993, and a list of international branches.

Bethlehem loses contract suit

PITTSBURGH—A Common Pleas Clerk Judge has ruled that Bethlehem Steel has failed to prove its \$100 case against Litton Industries, involving an option to buy up to five ore-carrying vessels.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table of international bond issues with columns for U.S. Dollar, Deutsche Mark, and Swiss Franc, including bond names, amounts, and prices.

Posner deal

Southeastern Public Service—majority-owned by Mr Victor Posner, its chairman, has bought 297,000 shares, or about 10.5 per cent of Heinicke Instruments' outstanding stock. Reuter reports from Miami.

Basic Resources

Basic Resources International's previously announced offering of \$13m in unsecured Series E convertible debentures has been purchased by a syndicate of European financial institutions headed by Banque Occidentale Pour l'Industrie et le Commerce de Paris. Reuter reports from New York.

Bank contests suit

First National State is to contest an anti-trust suit filed by the Department of Justice regarding a merger between a National State Bank of Central Jersey subsidiary and First National Bank of South Jersey. Reuter reports from Newark.

Standard Brands

Standard Brands Inc said that questionable payments totalling \$200,000 were made by subsidiaries in four foreign countries during the five years ended 1978. Reuter reports from New York. It made the disclosure in a filing with the Securities and Exchange Commission detailing the findings of a voluntary legal study and investigation begun last year.

Handwritten signature 'Jelly' at the bottom of the page.



Companies and Markets

BEST GERMAN ENERGY INDUSTRY

Veba doubles its earnings

By Guy Hawtin in Frankfurt

THIS YEAR'S oil price rises have greatly contributed to the doubling of Veba's first quarter profits. The group, West Germany's largest energy group, reported that higher costs of crude had been matched by increased earnings from oil products.

operations were unsatisfactory, said the report. Pre-tax profits for the quarter amounted to DM 378m compared with DM 214m. External turnover during the quarter rose by 11.4 per cent from DM 7,225m to DM 8,055m (\$4,210m).

Indeed, pre-tax earnings during the first half of 1978 were reported up 18 per cent on the comparable period of the previous period of 1977 largely as a result of the "reduction of losses in the mineral oil sector."

Herstal sees sharp upturn

By Our Financial Staff

SHARPLY INCREASED profits may be achieved by Fabrique Nationale Herstal this year if the Belgian arms-to-aero engines group can reach its sales targets, managing director Mr. Michel Vandestrick told a Press conference yesterday.

Setback for Royal Dutch Airlines

By Charles Batchelor in Amsterdam

THE WEAKNESS of the dollar and linked currencies and tough fare competition led to a sharp fall in the profits of KLM Royal Dutch Airlines last year. The severe winter in much of Europe and the unrest in Iran also contributed to the setback.

Sharp upturn at Saab

By Our Financial Staff

SAAB-SCANIA, the Swedish automotive and aircraft group, more than doubled its profits in the first four months of the year, having already forecast continued sales and earnings growth during 1978.

Group income before appropriations and tax totalled SKr 336m compared with SKr 102m in the same period of last year. During the whole of 1978, Saab-Scania's taxable profits soared by 57 per cent to SKr 530m, and the company commented in its annual report that the limiting of cost rises and the 1977 devaluations of the Swedish krona had strengthened its competitive position internationally.

Montedison financial sale near

By Rupert Cornwell in Rome

NEGOTIATIONS are at an advanced stage for the sale of the holding company bracing the financial interests of the Montedison chemical concern, to the Milan-based financial and investment interests of the Bonomi family, so far, according to Montedison officials, the deal has not been signed.

The sale of Finigest was first mooted two years ago by the outgoing chairman of the Milan chemical concern, Sig. Eugenio Cefis, as part of the continuing Montedison recovery strategy of concentrating on its purely chemical interests.

owned, to Istituto Bancario San Paolo di Torino. The acquisition of the controlling stake in Finigest by the Bonomi family, through their financial company Invest, would mark a further step in the latter's expansion, by adding the Montedison subsidiary's substantial insurance and other interests to its industrial, financial and property holdings.

Dassault-Breguet profits increase but orders fall

By David White in Paris

FRENCH aircraft builder Marcel Dassault-Breguet said that its main problem "remains competition on the international market against the American manufacturers" after increased profits last year but seeing level of orders fall.

The company raised its dividend for last year to net FFr 25 a share from FFr 21. The French state recently took up a 21 per cent shareholding, which qualifies for double voting rights after two years.

Norwegian metals group advances

By Fay Gjester in Oslo

THE NORWEGIAN group, Elkem-Spijergverket, whose activities span mining, engineering, metal smelting and manufacturing, reports turnover totalling Nkr 1,076m (\$207m) for the first four months of 1978, compared with Nkr 920m.

The higher figures were achieved despite lower earnings by companies in the group producing mainly for the home market. These companies continue to be affected by the price freeze and other economic restrictions in Norway, and some of them made a loss in the four months.

Decline at Spanish bank

By David Gardner in Madrid

NCA CATALANA and the Ico Industrial de Catalunya, two main components of the Spanish province of Catalonia's best banking group, report profits for 1978 of 1,285m (\$19.4m), a slight dip on the 1977 figure of 1,395m.

Spain's tight monetary policy is one reason why the group's profits have dipped slightly. While banks less committed to industry were lending on the interbank market at lucrative rates, for example, the Catalana group was having to borrow at 20 years of trying to create an institution equal to Catalonia's industrial importance in Spain, the Catalana group is now within reach of the "Big Seven" national banks.

Axel Johnson unit moves into the red

By Victor Kayfetz in Stockholm

SWEDEN'S A. Johnson and Company A.B., the main trading concern within the Axel Johnson group—the country's largest privately-owned business—reported a 1978 pre-tax loss of SKr 5.8m (\$1.3m) compared with a profit of SKr 3.8m the previous year, but predicted "considerably better" earnings for 1979.

THE SANWA BANK, LIMITED SINGAPORE BRANCH U.S. \$20,000,000 NEGOTIABLE FLOATING RATE U.S. DOLLAR CERTIFICATES OF DEPOSIT DUE JUNE, 1981

"Jardines face the future with a stronger structure, operationally and financially"

Extracts from the 1978 Statement to Stockholders by Mr D.K. Newbigging, Chairman and Senior Managing Director, Jardine, Matheson & Co., Ltd. The Annual General Meeting was held on 7th June, 1979.

1978: A satisfactory year for the Group

For the year ended 31st December, 1978, Jardines' consolidated net earnings after tax and minority interests, but before extraordinary items, were HK\$336 million, 7.0% more than the 1977 earnings of HK\$314 million. Earnings per stock unit were HK\$1.59 compared with HK\$1.51 in the previous year, an increase of 5.3%.

Table with 4 columns: 1977, 1978, 1978, and 1978. Rows include Earnings after tax, Earnings per stock unit, Dividends per stock unit, Stockholders' funds, and Stockholders' funds per stock unit.

1978 produced extraordinary profits well in excess of those we had anticipated, principally from sales of properties not held for trading purposes. During the year we conducted an in-depth review of a number of our investments in associated companies—particularly in Natural Resources—where we have held the investment for several years without receiving dividends.

A number of specific operating problems resolved. A year ago I reported disappointing results from three publicly quoted subsidiaries: Jardine Industries Ltd in Hong Kong, Jardine Davies Inc. in the Philippines and Rennie Consolidated Holdings Ltd in Southern Africa.

Jardines will continue to grow and expand in 1979. Looking to 1979, an area for some concern is the future trend of the Hong Kong economy. In 1978 its performance was mixed. Since the year-end, the Hong Kong Government has announced a number of adjustments which, although not drastic, should be effective.

diversification into activities which are expected to produce higher earnings for this associate in the future.

The Group's trading activities generally performed well, particularly in Japan, and in Hong Kong. All sectors of our transportation interests were successful in 1978. In Hong Kong, increased air traffic and the introduction of passenger charter flights to Guangzhou (Canton) contributed to the Airways group's increased profits.

Our Shipping Agency business made a good contribution to 1978 profits. In ship owning we were sufficiently encouraged by prospects generally to increase our fleet by two ships to nineteen, with a further three ships to be delivered in 1979.

Insurance, both broking and underwriting, is an industry which accounts for a relatively high proportion of our new capital investment. This is fully justified by the returns the Group is receiving. Developments in the last few months alone included the formation of a new international reinsurance company in Hong Kong; the acquisition of The Elizabethan Marine & General Insurance Company Ltd in London; the acquisition of further shares in Fiji Insurance Company Ltd, bringing our shareholding to over 50%; and the relocation of our various insurance broking entities in London into one building.

The Group was active in property development and trading in 1978. In Hong Kong, new investments were made in three joint-venture developments in the New Territories, in one case with a partner representing Beijing (Peking) interests. Towards the end of the year we sold our interest in Gammon House for a substantial profit which has been treated as an extraordinary item in the 1978 profit and loss account.

In other regions where the Group operates, conditions in property markets were generally better. In Hawaii, the Group sold the Davies Pacific Center at a useful profit and is participating in a large residential development which was successfully pre-sold prior to construction.

Apart from our property interests in the New Territories of Hong Kong, we have opened two offices there. With the rapid development of New Towns and their accompanying infrastructure in the New Territories these offices, which market the full range of Jardines' activities, are already doing well.

China's relations with Britain and Hong Kong remain excellent and China's new Four Modernizations policy, with its accompanying expansion in trade, augurs well for Hong Kong and for the Group's China Trading Division. This Division has been considerably expanded in the last year to assist in China's modernization programme and between the staff at its head office in Hong Kong and its resident representatives in Beijing (Peking), it works with a growing number of major international associates.

1978 was a year in which we resolved a number of specific operating problems, and now with these behind us, we face the future with a stronger structure, both operationally and financially. With an improvement in earnings growth rate, together with earnings and dividends per stock unit once again increased, 1978 can be considered a satisfactory year for the Group.

Jardines will continue to grow and expand in 1979. Looking to 1979, an area for some concern is the future trend of the Hong Kong economy. In 1978 its performance was mixed. Since the year-end, the Hong Kong Government has announced a number of adjustments which, although not drastic, should be effective. However, we remain concerned about the effects on world trade of the slow return to full oil production in Iran and the uncertainties which prevail generally in the Middle East, the growing trend towards protectionism in developed countries and the uncertain economic outlook for the USA.

Notwithstanding these uncertainties and the high level of interest rates world-wide, Jardines will continue to grow and expand in 1979.

JARDINES Jardine, Matheson & Co., Ltd, Connaught Centre, Hong Kong



### Bank of Adelaide merger details

By Our Financial Staff

AUSTRALIA and New Zealand Banking Group and the Bank of Adelaide propose to consummate the merger of the two banks—the plan for which was announced last month—by means of a scheme of arrangement.

Under the scheme, the ANZ Banking Group will acquire all the issued capital of the Bank of Adelaide. Shareholders of the latter bank will receive in consideration 15 shares in the capital of ANZ Banking Group for every 44 shares of their present holding, which represents the announced three ANZ Banking Group shares for every 11 Bank of Adelaide shares, adjusted to take account of the proposed ANZ Banking Group capitalisation issue of one-for-four.

The Scheme requires adoption by a meeting of the Bank of Adelaide shareholders, approval by the Supreme Court of South Australia and the consent of Federal Government authorities.

The drafting of the necessary documents for the Bank of Adelaide shareholders and the Court is proceeding and the consents of the Authorities are being applied for. ANZ Bank says. The Court will be asked to convene a meeting of shareholders to consider the scheme as soon as practicable.

The plan for the merger of the Bank of Adelaide and the ANZ Bank followed the Bank of Adelaide's running into problems over its finance offshoot—Finance Corporation of Australia—associated with movements in the property market.

As part of a rescue plan for the finance company, the Bank of Adelaide was advised by the Reserve Bank, the country's central bank, to seek a merger with a major trading bank.

### Jurong Cement issue is heavily oversubscribed

BY GEORGIE LEE IN SINGAPORE

JURONG CEMENT'S public offering of 3.35m of its S\$1 par shares at a price of S\$1.25 per share was 16.3 times oversubscribed. Applications totalled S\$88m.

The share issue is designed to enable the company's shares to be listed on the Singapore Stock Exchange. It involves its issuing capital being raised from S\$10m to S\$13.35m. The basis of allotment is to be announced shortly.

Jurong Cement is one of Singapore's five cement manufacturers. Jurong Cement becomes the first company to seek a listing on the Singapore exchange this year. The company said that the additional funds raised would bring its issued capital to a level consistent with its investment in fixed assets, and would reduce its present level of borrowings.

The company manufactures for the domestic and export markets, and has a production capacity of 300,000 tonnes a year. It is at present operating at half its capacity.

The company recorded sales of S\$23m (U.S.\$10.4m) for the year ended March 1978. For the nine months to December, the company had already chalked up sales of S\$24.1m.

Because of the higher export volume and prices, turnover for 1978-79 is estimated to have exceeded S\$31m. Group pre-tax profits for the year ended March 1978 totalled S\$1.95m (U.S.\$884,000) while that for the nine months to December amounted to S\$1.13m. However, Jurong Cement has forecast a 15 per cent improvement in profits for the full year to March 1979. This would lift the full year figure to S\$2.94m, implying a last quarter spurt in earnings growth. The company expects the 15 per cent growth rate to be maintained in the current year ending March 1980.

Jurong Cement says that the reduction in its borrowings from the new share issue will result in considerable savings in interest payments, which amounted to S\$800,000 during

the year ended March 1979. As a result of the availability of unabsorbed capital allowances, the company is also likely not to be liable to taxation for the years ending in 1978 and 1979. Based on its profit forecast, it expects that it will be liable to tax in the current year and expects this year to declare a maiden dividend—but with the actual payment deferred to January 1981 for tax reasons.

Net tangible assets per share after the issue will be S\$1.06. Among its major shareholders are the Malaysian cement manufacturer, Tasek Cement (24 per cent); the British Merchant Bank, Arbutnot Latham Asia (7.5 per cent); Lam Soon Company of Hongkong (6.9 per cent); Mitsubishi Mining and Cement Company of Japan (5 per cent); and the holding companies of the late Singapore businessman Mr. Tan Lark Sze, which directly or indirectly control the bulk of the issued capital.

### Courage turnaround helps Tooth

By James Forth in Sydney

TOOTH AND CO., the major brewer, has increased its dividend from 12 cents a share to 12.5 cents, following a 15.5 per cent gain in earnings for the year to March 31, from A\$14.2m to A\$16.2m (U.S.\$17.9m). The improvement was accounted for largely by a turnaround by the recently acquired Courage Breweries, which registered its first profit in ten years, and by a reduction in tax.

In the ten months since Courage was acquired, the Victorian brewer contributed earnings of A\$12.5m, contrasting with the previous full year loss of A\$1.8m. Because of previous losses, no tax was required on the Courage profits. Reflecting this, and a A\$1.2m deduction for investment allowance—largely on a new brewery being built at Lismore, New South Wales—the group's tax bill dipped from A\$9m to A\$8.3m. Group sales rose almost 3 per cent to A\$295m.

Mr. H. Alec, the managing director of Tooth, said that since Christmas sales of Tooth had fallen 7 per cent reflecting excise increases introduced in the August budget. The downturn had been felt throughout the industry. Mr. Alec said there had been no upturn since the end of March, but the group was budgeting for a further increase in profits this year. Earnings of the wine subsidiary, Penfolds Wines, held steady at A\$1.9m. Mr. Alec pointed out that for the first time in seven years Tooth had maintained its share of the NSW market. Seven years ago the group held almost 75 per cent of the market, but this had steadily been eroded to 58 per cent.

### Gwalior Rayon earnings more than doubled

BY R. C. MURTHY IN BOMBAY

A SURGE in profits of the Birla-owned Gwalior Rayon Silk Manufacturing Company has been announced for the year to March. Net profits—after tax, depreciation and other provisions—more than doubled, to Rs 66.62m (US\$2m), from Rs 31.17m in the previous year. The dividend is raised to 20 per cent from 17.5 per cent.

The spurt in profits is on a limited 13.2 per cent rise in the company's sales, which crossed the Rs 2,07bn (US\$60m) in 1978-79. The rise in turnover resulted from the starting up of the Birla second spinning line of "Grasilene" fibre and better operating efficiency of the plants. But prices of viscose staple fibre, the company's principal product, were not raised, despite an increase in costs. Profits came mainly from Grasilene fibre sales and sale of viscose staple fibre making machinery.

Gwalior Rayon's viscose staple fibre production capacity, which is fully utilised, is a subject of dispute between the company and the government, which holds that the licensed capacity is only 24,500 tonnes per year. The contention of the company is that the installed capacity has been expanded to 85,000 tonnes with the knowledge and concurrence of the Government and the plant has operated at this capacity for the past few years.

The company is expanding its capital by issuing Rs 20m of equity shares to the public, excluding members of the Birla group, to fulfil an undertaking given to the previous Government, when a licence was granted for its Grasilene project. The Rs 10 equity shares are to be issued at a premium of Rs 25. Gwalior Rayon is also expanding its overseas activities. The Thai joint venture near Bang-

kok to make viscose staple fibre is being expanded to 45 tonnes per day (TPD) after achieving full production at 35 TPD last year. Gwalior is also establishing on a turnkey basis a castor block plant, claimed to be the most sophisticated in Asia on the side of Japan, for Thai Cement Black Company, Bangkok.

Another viscose staple fibre project is to be set up in Indonesia, for which government permission has been received. Financial arrangements have been made for the 35 TPD Indonesian plant by the syndication of a loan in Hong Kong. Gwalior Rayon is exploring possibilities for setting up an integrated project for making rayon staple fibre and viscose staple fibre in the Philippines. Birlas already has a foothold in that country. Indo-Patil Textile Mills, Mumbai, declared a maiden dividend of 10 per cent last year in addition to one bonus equity share for every four existing shares.

### Profits rise at Plate Glass

BY OUR JOHANNESBURG CORRESPONDENT

PLATE GLASS, a major South African glass and timber processor, has declared a pre-tax profit for the year to end-March of R12.5m (S14.53m) against R9.5m last year, an increase of 31.8 per cent. Turnover rose marginally, however, to R199.8m, from R198.8m.

With better profits from associated companies, both in South Africa and in Australia, attributable taxed profits after preference dividends, totalled R3.4m, compared with R3.4m, giving earnings of 36.9 cents

against 23.6 cents a share. The final dividend was lifted from 5 cents to 9 cents giving an annual total of 14 cents against 10 cents.

The higher profits stemmed from last year's decision to reduce the group's scale of operations in line with actual, rather than expected, sales. By selling a number of South African outlets with a high fixed cost element in sales, turnover remained almost unchanged. But after absorbing "the greater part of non-recurring expenses,"

second half earnings per share at 23.50 cents against 12.10 cents, nearly doubled those of the first six months, and were only marginally below the whole 1978 financial year.

The group's Australian associate company returned to profit in the past year, after a loss previously. This, together with the higher earnings of the timber agency business in South Africa, led to an associate company taxed profit contribution of R263,000 (S1.02m) against R160,000 previously.

### JAPANESE NEWS

#### First Yen-denominated CDs issued by 13 banks

TOKYO — Yen-denominated negotiable Certificates of Deposit totalling Y319bn were issued last month by 13 Japanese city banks, the Federation of Bankers Associations said. The banks started placing Yen CDs from May 10 under a new measure permitting them to issue CDs for the first time at free interest rates, it said. The amount issued in May represents just over 70 per cent of the allotted framework, estimated at Y440bn, based on an equivalent of 10 per cent of their owned capital, including share capital and reserves. No statistics were announced by the Federation about the interest rates on the CDs.

Kyoto Ceramic Company, a major Japanese ceramic product maker, announced yesterday that it posted a Y7.11bn (S\$2.3m) net profit in the year to March 31, on a consolidated basis, compared with a Y6.24bn net profit in the previous year, when the net profit declined by 25.1 per cent. Consolidated sales in the year totalled Y59.41bn (S\$270m) up from Y46.74bn.

The net income per American Depositary Receipt (ADR) was Y1.22, up from Y1.10 in the previous year. The per share profit for the company's ordinary stock is Y128, up from Y114. The company forecasts that its consolidated net profit in the current fiscal year will increase to Y9.9bn, on sales of Y76bn. Fuji Photo Film Company, a leading Japanese film maker, has announced that its parent company net profit in the half-year to April 20 totalled Y6.56bn (S\$2.8m), up 18.8 per cent from the Y5.52bn in the like year-earlier period. Sales during the six months totalled Y145.24bn (S\$660m), up 5.7 per cent from the Y137.42bn the year before. Agencies

### Metal Box Berhad

By Wong Sulong in Kuala Lumpur

STEADY PROGRESS was reported by Metal Box Berhad for the year ended March. The company said its pre-tax profits rose by 9.6 per cent to 7m ringgit (S\$1.8m) with sales rising from 52m to 55.2m ringgit (S\$5.09m).

### BRASILVEST S.A.

Net asset value as of 31st May, 1979  
per Crs Share: Cr\$37,260  
per Depository Share  
U.S.\$13,408.78  
per Depository Share (Second Series):  
U.S.\$12,592.61  
per Depository Share (Third Series):  
U.S.\$10,718.46  
per Depository Share (Fourth Series):  
U.S.\$10,011.45

### ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.

45 Cornhill, London EC3V 3PE - Tel: 01-623 6314  
Index Guide as at June 7, 1979  
Capital Fixed Interest Portfolio ..... 114.80  
Income Fixed Interest Portfolio ..... 105.00

## BARCLAYS BANK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

### Results for the six months ended 31st March 1979 Balance sheets at 31st March 1979

The Directors of Barclays Bank International Limited report the following unaudited group results for the six months ended 31st March 1979.

Note	Half year ended 31st March 1979 £m	Half year ended 31st March 1978 £m
Operating Profit	54.4	57.7
Less Interest on loan capital	6.7	7.1
Share of profits less losses of associated companies	47.7	50.6
	11.0	11.5
Profit before taxation and extraordinary items	38.7	62.1
Less Taxation (including overseas tax £18.3m (1978 £21.8m))	21.7	29.8
Profit after taxation	37.0	32.3
Less Profit attributable to outside shareholders of subsidiaries	7.1	5.0
Profit before extraordinary items	29.9	27.3
Extraordinary item	4.2	2.0
Profit attributable to the members of the Bank	25.7	29.3

Note	The group £m	The Bank £m
<b>ASSETS</b>		
5 Cash and short term funds	2,682	1,617
6 Investments	975	194
7 Advances and other accounts	10,001	7,038
	13,658	8,849
8 Investments in associated companies and trade investments	84	57
8 Investments in subsidiaries	—	291
Premises and equipment	222	72
	13,964	9,269
<b>CAPITAL</b>		
9 Ordinary Stock	161	160
Reserves	313	314
Stockholders' funds	474	474
Outside interests in subsidiaries	70	—
Loan capital	156	144
Capital resources	690	608
<b>LIABILITIES</b>		
Current, deposit and other accounts	13,274	8,661
	13,964	9,269

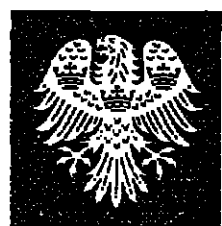
### NOTES

- The Bank is a wholly owned subsidiary of Barclays Bank Limited but has its own quoted unsecured loan capital.
- The interim results have been produced after giving effect to the following changes in accounting policies:
  - The practice of referring to the average experience in the current and preceding four years to arrive at the charge to the profit and loss account in respect of bad and doubtful debts has been discontinued.
  - Profits and losses on realisation of securities redeemable at fixed dates are being taken to profit and loss account in the year in which they arise and not, as previously, in equal annual instalments over a period of five years.
  - Provision for deferred tax is no longer made where in the opinion of the Directors it is expected that no liability is likely to arise in the foreseeable future.
  - Franked investment income, previously grossed up to take account of the underlying corporation tax, is now being grossed up by the imputed tax credit.
 Comparative figures have been amended to reflect changes in accounting policies in respect of (b), (c) and (d) above. Subject to the changes outlined above the accounting policies are as explained on page 15 of the 1978 annual accounts.
- The tax charge has been reduced by £7.3m (1978 £0.5m) in respect of investment allowances claimed by a subsidiary on assets leased to customers.
- The extraordinary item in 1979 is a provision for the loss on disposal of part of the group's holding in an associated company, including a tax charge of £1.8m.

- Cash and short term funds include:
  - British and other government treasury bills
  - Bills available for rediscount with central banks
- Investments include securities of or guaranteed by the United Kingdom and other governments
- Advances and other accounts include trade bills
- Investments in subsidiaries and in associated companies are stated in the balance sheets at the group's or Bank's share of the book value of the net tangible assets of the relevant companies.
- Capital authorised: 200,000,000 ordinary shares of £1 each. 160,000,000 shares have been issued as fully paid and have been converted into stock.
- Acceptances, guarantees, indemnities and credits for account of customers for which there are counter liabilities of customers amount for the group to £1,765m and for the Bank to £780m.

J. F. O. Gibson, Chief Accountant, London, 24th May 1979

BARCLAYS BANK INTERNATIONAL LIMITED  
HEAD OFFICE: 54 LOMBARD STREET  
LONDON EC3P 3AH



BARCLAYS International

### LEIGH INTERESTS LIMITED

Progress continues, but profits held back by planning delays

#### TURNOVER

Turnover was maintained, despite the anticipated reduction in coal supplies. Excluding this activity, turnover increased by 17 per cent, from £11.5m to £13.5m.

	1978/79 £'000	1977/78 £'000
Turnover	14,402	14,337
Pre-tax profits after exceptional items, and before charging associated companies	840	880
Associated companies	(175)	(18)
Profit before tax	665	862
Profit after tax (on reduced tax charges)	558	385
Dividends: per share (incl. tax credit) paid and proposed	6.5p	5.5p
Earnings per share	32p	19p
Assets per share	8.0p	6.9p
	90p	68p

#### PROFIT BEFORE TAX

##### Planning consents

Despite the Control of Pollution Act 1974, delays in decision-making by local authorities, stemming from political pressures at local level, continue to bedevil the waste disposal industry as a whole, regardless of the pressing needs of industry and the social need to ameliorate the environment. It is estimated that in the year 1978/79, the consequential loss to Leigh's group profits from this cause was more than a quarter of a million pounds.

##### Mitco site—exceptional expenditure

Profit before tax and associated companies takes account of the exceptional expenditure incurred at the Mitco site, which has now been completely written off. The amounts charged against profits were £180,000 in 1978/79 and £93,000 in 1977/78.

#### SHAREHOLDERS' INTERESTS

Have increased by:  
DIVIDENDS PAID AND PROPOSED  
EARNINGS PER SHARE  
ASSETS PER SHARE

68%  
15%  
32%

### LEIGH INTERESTS LIMITED

Specialists in the disposal, treatment and recovery of waste and effluent materials: builders' merchants: quarriers and fuel contractors: motor vehicle dealers.

Lindon Road • Brownhills • Walsall • West Midlands W58 7BB





# SEC's simpler rules for small companies

BY JOHN MAKINSON

OSE WHO consider that the needs of small businesses are not being met, that the venture capital available to them is insufficient and that institutions are unresponsive to their needs may be heartened by a series of reforms recently undertaken by the Securities and Exchange Commission in the U.S.

The SEC, the statutory body responsible for regulating the securities industry, is actively moving towards a two-tier disclosure structure for companies, with one rule for big and another for the small. Critics of the regulatory machinery might maintain that simplifying procedures are long overdue, given that the SEC recently has 18 forms available offering registrations alone, though not all of these are in recent use.

The latest innovation, however, the S-18—will cut through the red-tape associated with a registration. Until now only small concerns have been allowed to use the compendious form, which is both costly and complex. Using S-18, rather than amendments to annual 10-K report forms, companies will be able to up to \$5m in equity securities cheaply and quickly encourage venture capital selling up to \$1.5m of the issuer's existing stock.

The paucity of venture capital for small industry is central to the SEC's strategy. There is a sharp evangelical note to its concern. The SEC's president, Mr. Harold M. Williams, said in a recent speech that "small businesses provide individuals with the opportunity to share in the American dream."

Arithmetic alone is enough to defuse the SEC's anxiety. Small and medium-sized U.S. companies raised slightly over \$9m in initial public offerings last year, an improvement on 1977 but a fraction of the 1972 record of \$1.7bn. Much of this can be accounted for by several factors—stock market performance, taxation and the emphasis on large companies by increasingly concentrated brokerage industry.

Nonetheless, the SEC believes, aside from the cost factor, a major hurdle is that information provided by registering companies has until now been complex for all but professional analysts. Together with its small business surveys, the U.S. regulating

body is encouraging all companies to provide more comprehensive, and comprehensible, information in its annual report and Press releases.

The recent battery of SEC reforms owes its origins to studies on corporate disclosures made in 1969 and 1977, which singled out the small business as a particularly difficult area. Since then, SEC rule 144 and regulation "A" have been amended to boost the amount of securities which can be sold within one year under its simplified procedure from \$500,000 to \$1.5m. Corresponding adjustments have been made to rule 144, relaxing legislation on the

The Securities and Exchange Commission in the U.S. is encouraging venture capital for small businesses by cutting out much of the red tape associated with registration. But the success of the operation will finally rest with the attitudes of the companies themselves. In Europe tax incentives for the equity investor might prove the more productive course.

resale of securities by newer public companies.

The effect of these moves is still unclear, though the SEC is optimistic. A fortnight ago the first application was filed under S-18, which the SEC believes is fast work given the tortoise-like fashion in which company lawyers generally move. More reforms of corporate disclosure are likely, with recommendations on changing the 10-K form expected by early summer.

In the meantime, the SEC has set up an Office of Small Business Policy to develop new ideas, monitor existing regulations, and liaise with other groups and agencies, including Congress.

The SEC is under few illusions about revolutionising capital formation overnight. Its public affairs director, Mr. Andrew Rothman, says: "We believe that security laws are relatively insignificant in solving the problem." The U.S. measures may still have lessons for other regulating bodies, many of which are confronted with similar problems in their own countries.

No European country has adopted a policy of setting up separate procedures for smaller

companies, but then in no country is disclosure such a complex and expensive business as in the U.S. Furthermore, the fall in public offerings by the small and medium-sized concerns has not generally been as severe as in North America.

Comparison between the U.S. and Europe is also complicated by the wide divergence in the mechanics of raising capital. Taking the UK aside, European bourses are modest affairs, trading a limited number of stocks on narrow turnover. The capitalisation of European companies is generally much narrower than in the U.S., meaning that they depend heavily on support from the banks and accommodate high gearing.

This situation is unlikely to change overnight but there are signs that more European companies are now registering shares. In West Germany, for example, the Corporation Tax reform which became effective in 1977 gave the investor a tax credit on dividends, encouraging smaller companies to go public.

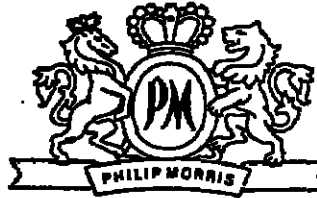
In April the Hamburg company Draegerwerk, with annual turnover of around DM 300m (£75m), boosted its capital from DM 45m (£11.3m) to DM 95m (£23.9m) and obtained listings on German bourses—a move which would have been less attractive a few years ago.

Yet measures such as those taken in the U.S. and Germany can often be defeated by the attitudes of small companies themselves, which prefer to pay high interest rates on loans to the possibility of losing control to institutions with substantial share holdings. At the same time, the growth of the institutional role in the markets, together with tax discrimination, means that the private investor, the traditional provider of venture capital, is being squeezed out.

Smaller companies may be cautious, but in the UK especially there is a chance that more of them might seek listings if they were not burdened with the same reporting requirements as ICI. The growth of over-the-counter stock trading, coupled with increasing use of Stock Exchange rule 183(ii), is attributable in part to the cost and complexity of disclosure. So if the Stock Exchange wishes to avoid fragmentation of the market place it might do well to look carefully at the SEC's example.

This announcement is neither an offer to sell nor a solicitation of an offer to buy these securities. The offer is made only by the Prospectus.

\$250,000,000



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June 6, 1979



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**Rockwell International**



# Anglo American Corporation of South Africa Limited

(Incorporated in the Republic of South Africa)

## PROVISIONAL ANNUAL FINANCIAL STATEMENTS for the year ended March 31 1979

The following are the unaudited financial results of the Corporation and its subsidiary companies for the year ended March 31, 1979 and an abridged balance sheet at that date.

INCOME STATEMENT		BALANCE SHEET	
Year ended	Fifteen months ended	R millions	R millions
1978	1978	1978	1978
Investment income—general investments	220.6	220.6	213.2
Interest earned and fee income less expenses	82.8	73.4	82.8
Trading profits	8.4	9.6	8.4
Surplus on realisation of general investments	11.6	18.1	11.6
Interest paid	44.1	40.4	44.1
Costs of prospecting	11.8	13.4	11.8
Provision against investments	2.5	5.0	2.5
Provision against loans	58.4	60.6	58.4
Profit before taxation	265.0	258.7	265.0
Taxation	16.3	17.0	16.3
Profit after taxation	248.1	241.7	248.1
Outside shareholders' interests in profits of subsidiary companies	42.7	46.4	42.7
Preferred stock and preference share dividends	3.4	0.3	3.4
	46.1	46.7	46.1
Profit attributable to ordinary shareholders before extraordinary items	202.0	195.0	202.0
Earnings per share 90.2 cents (1978: 89.9 cents) (Note 1)	103.0	99.1	103.0
Ordinary dividends (Note 2)	99.0	95.9	99.0
Retained profit before extraordinary items	6.9	33.5	6.9
Extraordinary items (Note 3)	92.1	62.4	92.1
Retained profit after extraordinary items	17.5	18.0	17.5
Unappropriated profit, March 31 1978	1.1	14.1	1.1
Adjustments to unappropriated profits, brought forward	18.6	30.1	18.6
Transfers to reserves	110.7	92.5	110.7
Unappropriated profit March 31 1979	100.0	75.0	100.0

Notes:

- The earnings per share of the Group for the year is based on the 223 978 377 ordinary shares in issue at March 31, 1979. However, further issues of shares between the end of the year and June 7, 1979, being the date of declaration of ordinary dividend No. 36, resulted in a total of 224 221 313 shares qualifying for payment of the dividend.

2. Ordinary dividends comprise:

Year ended	15 months ended
1978	1978
R millions	R millions
Special interim dividend of 8.25 cents per share on 201 724 956 shares	16.6
Interim dividend of 14 cents (1978: 12 cents) per share on 223 126 736 shares	31.2
Final dividend of 32 cents (1978: 25 cents) per share on 224 221 313 shares	53.7
	101.5

3. The extraordinary items are as follows:

Year ended	15 months ended
1978	1978
R millions	R millions
Provision against investments in Cleveland Potash Limited, Societe Miniere de Tenke-Fungurume, Botswana R.S.T. Limited	16.3
Less: Prior years' investment provisions	10.4
Tax relief claimed	8.4
Changes in exchange rates	1.0
	33.5

4. The flow of income to the Group is highest in the quarter to March 31 each year. The results for the 15 months to March 31, 1978, which included two such quarters, were enhanced accordingly.

Head Office: 44 Main Street Johannesburg 2001.  
 For and on behalf of the board: J. T. GOLDFINCH Managing Secretary  
 Head office: 44 Main Street Johannesburg 2001.

### FINAL DIVIDEND No. 36 ON THE ORDINARY SHARES

A final dividend of 32 cents a share (1978: 25 cents) in respect of the year ended March 31, 1979 has been declared payable on July 27, 1979 to holders of ordinary shares registered in the books of the Corporation at the close of business on June 22, 1979 and to persons presenting coupon No. 81 detached from share warrants to bearer. This dividend, together with the interim dividend of 14 cents a share declared on November 23, 1978, makes a total of 46 cents a share for the year (15 months to March 31, 1978: 45.25 cents). A notice regarding payment of this dividend to holders of share warrants to bearer will be published in the Press by the London Secretary on or about June 15, 1979.

The transfer registers and registers of members will be closed from June 22 to July 8, 1979, both days inclusive, and warrants will be posted from the Johannesburg and the United Kingdom offices of the transfer secretaries on

London Office: 40 Holborn Viaduct EC1P 1AA.  
 June 8, 1979.

or about July 26, 1979. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on July 17, 1979 of the rand value of their dividends (less appropriate taxes). Any such shareholders may however elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries in Johannesburg or in the United Kingdom on or before June 22, 1979. The effective rate of non-resident shareholders' tax is 14.962 per cent.

The dividend is payable subject to conditions which can be inspected at the Head and London offices of the Corporation and at the offices of the Corporation's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001, and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ.

By order of the board: J. T. GOLDFINCH Managing Secretary  
 Head office: 44 Main Street Johannesburg 2001.

## CURRENCIES, MONEY and GOLD

### D-mark firm

The strength of the D-mark kept the weaker members of the European Monetary System under pressure in the foreign exchange market yesterday, while the dollar lost ground in the afternoon on news that the Swiss National Bank has lifted its capital export conversion rule from today. The dollar reached a high point of SwFr 1.7385 against the Swiss franc in firm early trading, but fell to SwFr 1.7275, before closing at SwFr 1.7350, compared with SwFr 1.7365 previously. The S.S. currency also finished near its lowest level of the day against the D-mark, at DM 1.9090, compared with DM 1.9145 on Wednesday.

On Bank of England figures, the dollar's trade-weighted index was unchanged at 87.0 and according to Morgan Guaranty's New York note, the dollar depreciated to 6.5 per cent from 6.0 per cent, reflecting the weakness of the Canadian dollar which fell to 84.85 U.S. cents from 85.17. Sterling was weak in nervous trading ahead of today's trade figures. Its trade-weighted index, as calculated by the Bank of England, fell to 87.3 from 87.8, after standing at 87.4 at noon and in early trading.

The pound opened at \$2.0735, the best level of the day, and fell to \$2.0630-2.0690 by lunch. In the afternoon sterling touched a low point of \$2.0645-2.0655, and closed at \$2.0650-2.0660, a fall of 53 points on the day.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM1.9137 against the D-mark compared with DM 1.9158 previously. Trading was quiet, with the U.S. currency moving within a narrow band of DM1.9125 and DM 1.9150.

#### THE POUND SPOT AND FORWARD

Day's spread	Close	One month	Three months
U.S.	2.0652-2.0735	0.27-0.17c pm	1.28 0.77-0.67pm
Canada	2.4225-2.4400	0.15-0.05c pm	0.48 0.50-0.40 pm
Netherlands	4.311-4.325	1/4-1/2 pm	2.78 3/4-2/4
Belgium	33.25-33.75	20-30c pm	2.84 2/2-2/2 pm
Denmark	11.39-11.44	1/2-1/2 pm	0.53 1/2-1/2
Ireland	1.0485-1.0530	1/2-1/2 pm	2.23 8/10-8/10
W. Ger.	1.727-1.737	5/8-1/2 pm	1.21 1/2-1/2
Portugal	102.50-103.50	100-100.30	50-110c dia
Spain	136.55-136.85	136.50-136.70	76-25c pm
Italy	1.796-1.799	4.707-4.761	1.21 1/2-1/2 pm
Norway	10.70-10.75	10.70-10.71	2/4-1/2 pm
France	9.12-9.16	9.13-9.14	1/2-1/2 pm
Sweden	5.04-5.07	5.04-5.05	2/4-1/2 pm
Austria	65.0-65.2	65.2-65.3	2.50-2.25 pm
Switzerland	28.08-28.28	28.10-28.15	1.15 40-30 pm
Switz.	3.66-3.60	3.64-3.57	3/4-2/4 pm

#### THE DOLLAR SPOT AND FORWARD

Day's spread	Close	One month	Three months
U.K.	2.0648-2.0735	0.27-0.17c pm	1.28 0.77-0.67pm
Ireland	1.9670-1.9710	1.9680-1.9715	0.55-0.50c pm
Canada	84.80-85.00	84.80-85.00	1.21 1/2-1/2 pm
Netherlands	2.0520-2.0590	0.40-0.30c pm	2.01 1/2-1/2 pm
Belgium	30.70-30.75	30.72-30.74	1.83 1/2-1/2 pm
Denmark	10.70-10.75	10.70-10.71	1.21 1/2-1/2 pm
W. Ger.	1.9100-1.9150	1.9100-1.9110	0.75-0.65c pm
Portugal	99.85-100.00	99.87-99.93	49.87-50.10c dia
Spain	136.55-136.85	136.50-136.70	76-25c pm
Italy	1.796-1.799	1.796-1.799	1.21 1/2-1/2 pm
Norway	10.70-10.75	10.70-10.71	2/4-1/2 pm
France	9.12-9.16	9.13-9.14	1/2-1/2 pm
Sweden	5.04-5.07	5.04-5.05	2/4-1/2 pm
Austria	65.0-65.2	65.2-65.3	2.50-2.25 pm
Switzerland	28.08-28.28	28.10-28.15	1.15 40-30 pm
Switz.	1.7280-1.7340	1.7285-1.7295	1.24-1.19c pm

#### CURRENCY RATES

Bank	Special Drawing Rights	European Currency Unit	June 7	Bank of England	Morgan Guaranty
Sterling	1.2566	1.9168	87.3	87.3	87.3
U.S. dollar	2.0652	3.0040	80.0	80.0	80.0
Canadian dollar	1.2566	1.9168	87.3	87.3	87.3
Australian dollar	1.2566	1.9168	87.3	87.3	87.3
Japanese yen	1.2566	1.9168	87.3	87.3	87.3
Swiss franc	1.2566	1.9168	87.3	87.3	87.3
French franc	1.2566	1.9168	87.3	87.3	87.3
Italian lira	1.2566	1.9168	87.3	87.3	87.3
Spanish peseta	1.2566	1.9168	87.3	87.3	87.3
Portuguese escudo	1.2566	1.9168	87.3	87.3	87.3
Dutch guilder	1.2566	1.9168	87.3	87.3	87.3
Belgian franc	1.2566	1.9168	87.3	87.3	87.3
Danish krone	1.2566	1.9168	87.3	87.3	87.3
Norwegian krone	1.2566	1.9168	87.3	87.3	87.3
Swedish krona	1.2566	1.9168	87.3	87.3	87.3
Austrian schilling	1.2566	1.9168	87.3	87.3	87.3
Yugoslav dinar	1.2566	1.9168	87.3	87.3	87.3
Czechoslovak koruna	1.2566	1.9168	87.3	87.3	87.3
Polish zloty	1.2566	1.9168	87.3	87.3	87.3
East German mark	1.2566	1.9168	87.3	87.3	87.3
West German mark	1.2566	1.9168	87.3	87.3	87.3
East African shilling	1.2566	1.9168	87.3	87.3	87.3
South African rand	1.2566	1.9168	87.3	87.3	87.3

#### OTHER MARKETS

June 6	June 7	June 8	Notes
Argentina peso	2628-2648	1272-1282	Austria 89.80-89.7
Australia dollar	1.8670-1.8710	0.3040-0.3050	Belgium 87.3
Brazil cruzeiro	58.44-58.54	25.40-25.50	Denmark 114.8-114.6
Canada dollar	84.80-85.00	84.80-85.00	France 87.3
Deutsche mark	1.9100-1.9150	1.9100-1.9110	Germany 87.3
Greek drachma	76.589-76.487	37.10-38.00	Italy 174.0-178.0
Hong Kong dollar	10.560-10.580	5.1370-5.1410	Japan 114.8-114.6
Indian rupee	14.8-14.9	75.7	Netherlands 4.30-4.40
Kuwait dinar	0.571-0.581	0.2780-0.2788	Norway 10.70-10.71
Luxembourg franc	65.55-65.65	30.50-30.70	Portugal 99.87-99.93
Malaya dollar	4.8520-4.8525	2.0230-2.0235	Spain 136.55-136.85
New Zealand dollar	1.9750-1.9850	0.9500-0.9510	Sweden 5.04-5.07
Saudi Arab. Riyal	6.98-7.08	3.4005-3.4015	Switzerland 28.08-28.28
Singapore dollar	4.25-4.35	8.8045-8.8055	Switz. 1.7280-1.7340
South African rand	1.74-1.75	0.8425-0.8475	Yugoslavia 141.43

### EMS EUROPEAN CURRENCY UNIT RATES

Country	ECU rate	Change
Belgium franc	39.4622	+2.67
Danish krone	7.46033	+1.83
Deutsche mark	1.93627	+1.35
French franc	5.27321	+0.50
Italian lira	2.03640	+0.34
Netherlands guilder	2.20371	+1.48
Portuguese escudo	6.62632	+0.60
Spanish peseta	163.336	+1.87

### EXCHANGE CROSS RATES

June 7	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.0000	2.066	3.945	452.3	6.155	2.573	4.323	1768.	2.434	65.40
U.S. Dollar	0.484	1.000	1.910	219.4	4.425	2.093	856.0	1.178	1.178	30.69
Deutsche Mark	0.255	0.524	1.000	114.9	2.318	1.095	448.3	0.517	0.517	15.07
Japanese Yen	2.206	4.557	8.704	1000.	20.15	7.692	8.537	390.1	8.537	13.39
French Franc	1.095	2.261	4.519	496.2	1.000	3.911	4.728	1935	5.664	65.40
Swiss Franc	0.280	0.578	1.104	126.9	2.587	1.000	1.310	494.9	0.681	17.75
Dutch Guilder	0.231	0.478	0.913	104.9	2.113	0.826	1.000	409.0	0.583	14.87
Italian Lira	0.566	1.168	2.281	256.4	5.167	2.021	2.445	1000.	1.376	35.86
Canadian Dollar	0.411	0.849	1.621	186.3	3.754	1.468	1.776	726.5	1.000	26.05
Belgian Franc	1.577	3.258	6.323	714.9	14.41	5.635	6.818	3789.	3.838	100.

### EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.25-10.35 per cent; three months 10.25-10.35 per cent; six months 10.25-10.35 per cent, one year 10.05-10.15 per cent.

June 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
Short term	11 1/2-11 3/4	10 1/2-10 3/4	9 1/2-10 1/4	7 1/2-7 3/4	1 1/4-1 1/2	5 1/2-5 3/4	9 1/2-10 1/4	15-16	10-10 1/2	5 1/2-5 3/4
7 days notice	11 1/2-11 3/4	10 1/2-10 3/4	9 1/2-10 1/4	7 1/2-7 3/4	1 1/4-1 1/2	5 1/2-5 3/4	9 1/2-10 1/4	15-16	10-10 1/2	5 1/2-5 3/4
Month	11 1/2-11 3/4	10 1/2-10 3/4	9 1/2-10 1/4	7 1/2-7 3/4	1 1/4-1 1/2	5 1/2-5 3/4	9 1/2-10 1/4	15-16	10-10 1/2	5 1/2-5 3/4
Three months	11 1/2-11 3/4	10 1/2-10 3/4	9 1/2-10 1/4	7 1/2-7 3/4	1 1/4-1 1/2	5 1/2-5 3/4	9 1/2-10 1/4	15-16	10-10 1/2	5 1/2-5 3/4
Six months	11 1/2-11 3/4	10 1/2-10 3/4	9 1/2-10 1/4	7 1/2-7 3/4	1 1/4-1 1/2	5 1/2-5 3/4	9 1/2-10 1/4	15-16	10-10 1/2	5 1/2-5 3/4
One year	11 1/2-11 3/4									



# FINANCIAL TIMES REPORT

Friday June 8 1979

## Credit Management

Credit is so much a part of everyday business life that most people give little thought to its significance in terms of cash flow and financial well-being. But as this survey shows, in to-day's world of high interest rates there is much to be said for closer supervision.

HIGH INTEREST rates, Government efforts to limit banking and hence control the money supply, plus the UK's recent poor economic performance have all combined to make credit management an increasingly high priority for most companies.

While it can mean the difference between healthy cash flow and mounting debt the concept of credit management is not widely properly recognised at yard level, where it is often seen in the wider context of financial controls.

In essence credit management is the art of transforming a company's sales as quickly as possible into cash or liquidity. It, some might say, is a very straightforward exercise and one which should take care of itself in a successful business. The hard work of advertising, promotion, marketing and curing the sales has been accomplished.

Not so, say increasing numbers of the converted. If too long they argue, British industry has been like a high-class tailor who is too polite to tell his wealthy clients to settle their bills. Many companies, in other words, have been and still are complacent about chasing up debtors with the result that cash flows are perhaps seriously interrupted if balance sheets needlessly maged.

tive of course to speed their conversion into hard cash at the bank. Overdrafts, however, have on average become more expensive in each decade since the war and with rates now comfortably in double figures and likely to stay there, a big group could well incur thousands of pounds in additional interest charges for each day customers delay payment of their debts.

The basic problem which faces many companies in the UK is that credit terms play an increasingly important part in sales success. Quality and price are not always the only factors which persuade somebody to buy; very often the way the transaction will be financed constitutes the biggest difficulty and clearly any help in this direction can be an extremely useful sales tool.

### Risk

Sales departments of big companies have therefore been anxious, where necessary, to give their customers credit concessions, very often without thinking about the risk, the interest cost to the employer, and the resulting temporary loss of income. In effect the vendor is assuming the role of a bank, a function for which manufacturers of brass tacks or garden gnomes are not always suited.

Credit management in many companies is therefore not always everything it should be, a reflection some say of the relatively low priority it is given in the UK. A credit manager, for instance, is seldom

directly responsible to the directors and in some cases might only be an unqualified and therefore underpaid sales clerk, in effect the poor relation of other management grades. Too little attention it seems, is paid to the likely benefits of good credit management.

The difference, for example, between the UK and the U.S. where observers say credit

The Institute of Credit Management exemplifies the changes in attitude which have taken place recently in the UK. Founded in 1939 as the Institute of Credit Men, it remained largely insignificant for many years, hamstrung by shortage of finance and lack of widespread support.

Three years ago, according to Pat Granville White, the vice-

rious recruitment rates. Activities include regular seminars and lectures, while new members are required to sit professional exams; success confers a qualification accepted and sometimes required by an increasing number of companies. The Institute also claims, as a well informed and widely representative body, to be sought after by the Govern-

usually provided by specialist companies, usually as a subsidiary service to debt collection. While UK status reports are relatively cheap to buy the information which they contain is generally limited. Often the report consists of no more than a copy of the particular company's file at Companies House, a bank reference and any bad

tage compared with his UK counterpart. Those closely involved with credit reporting complain that lack of information is not the only reason for lower standards in the UK. Whereas Continental and U.S. status reports can cost around £40 or £50 each clients in Britain are worried if they have to pay more than £10.

Once a company has satisfied itself that its customer is reliable, the next step is to fix the credit terms, or the number of days which the buyer is allowed to pay for the goods received. In the UK most companies expect their customers to pay at the end of the month, although purchasers tend to interpret this as meaning the end of the month following either delivery or invoicing.

A number of big companies, notably Shell and ICI, have recently brought their settlement date forward, a move which reflects an increasing awareness of the importance of credit management. Although such a policy is likely to squeeze small customers used to a few days' grace, this new urgency is also likely to attack the complacency with which many businesses treat their creditors.

Cash discounts for prompt payment and interest charges on overdue accounts are not so common in the UK as they are in the U.S. Cash discounts have probably been more popular in the past than they are now but seven day and one month discounts are still not unusual. One month discounts are clearly an admission that companies do not expect their customers to pay when asked. Meanwhile, interest penalty

clauses, although by no means widespread, are increasingly being used as a means of discouraging overdue debts. It is not, of course, sufficient just to do some homework on status reports and then fix up a payment date with the customer. Granting credit is risky and costly for a company and as far as possible these risks and costs should be offset. Credit insurance, bank guarantees or even bank or trade bills can be arranged or the services of a factor employed. In this case a specialist factoring company assumes responsibility for running the sales ledger and chasing up overdue accounts. A financial service will probably also be provided. Another solution is to assign had debts to a specialist debt collection agency or pursue them through the courts.

Alerted Many companies in the UK have grown to regard credit facilities as a right, not a privilege. The current credit environment cannot be described as tight in the same way as it was at the end of the 1960s. But now that high interest rates have alerted companies to the importance of sound credit management credit terms will no longer come cheap. Attitudes in the UK have admittedly been conditioned by decades of easy credit and while there is also a strong reluctance on this side of the Atlantic to pry into other people's affairs, the more professional approach to credit management is also likely to lead to the disclosure of more credit information.

## Good case for greater priority

By Tim Dickson

managers tend to be treated more seriously—can be illustrated by the average time it is estimated to take for companies to collect their debts. According to one expert it was taking about 85 days in 1976/77 for a typical quoted company to collect a trade credit account. U.S. figures, on the other hand, suggest that the average collection period for manufacturing industry at this time was nearer 40 days. Averages, of course, have to be treated carefully because experience in different sectors is so variable.

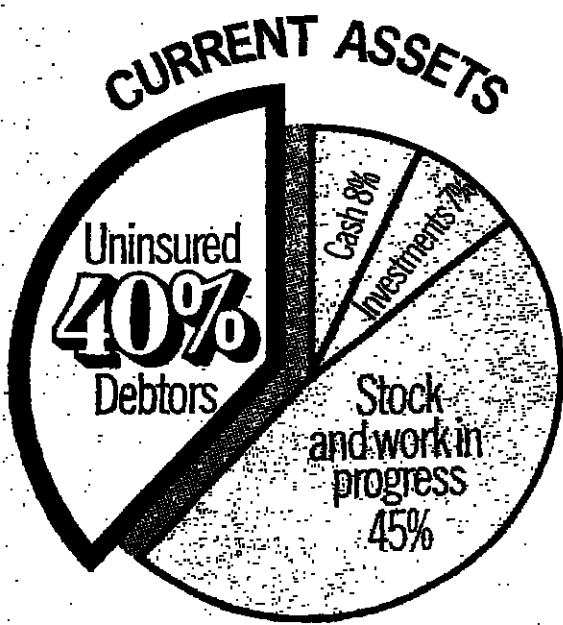
chairman, the Institute really began to take off. "The Government's policy of screwing down overdrafts to squeeze credit has been one factor. But the most important change has probably been the sharp rise in interest rates. If you can persuade a customer always to pay a day earlier in future, it can make a big difference to the cost of running an overdraft," he says. In the last three years the Institute has grown rapidly so that today roughly 60 new members sign up each month, an enormous improvement on pre-

ment on matters relating to trade and industry. Credit managers use a variety of instruments to control debtors, while a number of outside agencies are also at their disposal. For instance, one way of keeping debtors in check is to find out beforehand if a potential customer is likely to be in a position to pay. For this purpose, the credit report, essentially the profile of a company's creditworthiness, can be extremely useful. Credit reports, or status reports as they are known in the trade, are

experiences of other clients to whom a status report on the same company has been supplied. In some Continental countries where tax returns are published status reports provide a much fuller picture, while in the U.S. most banks will apparently provide a trade customer's approximate current account balance, together with an idea of how that account moves throughout the month and any current or future borrowing commitments. As a result the seller of goods stands at a considerable advan-

# Trade Credit—the great uncovered.

"The ultimate role of management is to maximise return on capital employed."



**The scope of the challenge**  
Effective general management is impossible without effective financial management. Effective financial management is impossible without effective credit management. Official statistics mark out the area. Trade Debtors now account for 25% of all assets—Fixed and Current combined—and 40% of current assets.

These are the assets that credit insurance, and only credit insurance, is designed to cover.

Credit insurance should be considered in every company's insurance portfolio.

### The sign of the times

It is almost a cliché that, in this day and age, capital has to be more efficiently employed. The pressure in this direction increases as the demand to maximise the return on capital becomes more insistent.

The more this pressure continues, the more damaging an unexpected loss will be. It will also be more likely to occur. Nowadays, the amount on credit risk is twice what it was three years ago.

As technology advances, the need for financial discipline and for effective financial planning can only increase.

For all these reasons, and for many others, Credit Insurance is becoming a standard business practice.

It is entirely to the benefit of business that this process should continue.

Trade Indemnity Company Limited fully supports the aim of the Institute of Credit Management to improve credit management in British Industry.

**Trade Indemnity  
Credit Insurance**  
takes the risk out of credit



## CREDIT MANAGEMENT II

## ECGD aid for exporters' cash-flow

THE EXPORT Credit Guarantee Department (ECGD), now in its sixtieth year, not only offers a vital export insurance service to British industry; it is also an important source of credit finance. Aspiring cash management executives will be well served in the Government department's manuals which abound in phrases like supplier credit, buyer credit, refinancing credit.

The basic role of the ECGD remains that of export insurance on behalf of the supplier against default of payment for his goods or services. But on to these broad terms of reference there has been grafted over the years a number of ancillary services, many of them beneficial to the internal cash-flow of exporting companies. Not all the schemes are widely used. But the ECGD does account for something like a third of all the British export insurance, and as a result the department's basic credit operations are in constant

demand. In the year to March 1978, the ECGD insured exports worth £12.9bn, an increase a tenth or so over the preceding 12 months. This represented a modest loss of market share since the department insured over 37 per cent of UK exports in 1978-79 and just under 36 per cent the year before. But customers continued to make extensive use of the bank guarantees that go with this type of cover and the "favourable" finance given to exporters as a result.

## Bolder

The ECGD's insurance facilities offer exporters two main benefits. Insured against the risk of non-payment, exporters are—in theory at least—able to pursue bolder marketing policies, taking on new buyers and breaking into fresh markets without fear of crippling losses. At the same time ECGD support for export finance with guaran-

tees of 100 per cent repayment to the lending banks can enhance an exporter's liquidity, allowing maximum competitive pressure to be applied in the fight to win contracts for overseas orders.

It is hard to gauge precisely the competitiveness of the ECGD's credit facilities. They are closely intertwined with the department's insurance operations, which in many ways are unique and therefore not benefited by the market forces normally associated with the insurance business. For example, any exporter wishing to insure against political risks has no alternative but to take cover with the ECGD. On the other hand the department is non-profitmaking and its sole aim is to promote British exports.

On average ECGD cover costs 32p per £100 of goods insured. New arrangements came into force on April 1, 1978. While ECGD guarantees to financing banks continue to be available

for exporters working within the Common Market, there is no longer support from the department for the rate at which finance is provided. The cost of credit in these circumstances is the rate set by the financing bank. The new arrangement is part of an agreement between EEC members aimed at eventual elimination of distortions in credit competition.

The ECGD does not itself provide the exporter with his line of credit. This is left to the banking community, which puts up the finance once an exporter flourishes an ECGD guarantee. In recent years the department has developed a range of direct guarantees to the banks and these now extend over the whole field of exporting. Government backing means that the banks will lend against ECGD guarantees at a per cent over base rate on business of up to two years' credit from shipment, and at special fixed rates for longer terms.

The two year lending rates exclude trade within the EEC. New arrangements came into force on April 1, 1978. While ECGD guarantees to financing banks continue to be available

for exporters working within the Common Market, there is no longer support from the department for the rate at which finance is provided. The cost of credit in these circumstances is the rate set by the financing bank. The new arrangement is part of an agreement between EEC members aimed at eventual elimination of distortions in credit competition.

## Projects

As well as supplier credit the ECGD provides guarantees allowing overseas buyers to arrange lines of credit finance. For major projects and capital goods business with contract values in excess of £1m, the department supports loans to foreign borrowers. Once again there are exceptions for intra-EEC trade.

For non-EEC supplier credit, finance is provided at fixed preferential interest rates for up to 85 per cent of the value of the

contract, and repayable "on terms appropriate" to the size of the contract. Thus the exporter is able to negotiate a cash contract, including if needed progress payments prior to delivery. A UK bank makes payments on behalf of the buyer, the buyer repays the loan by instalments. In 1977-78 business insured by the ECGD under buyer credit guarantees totalled £1.1bn.

Other lines of credit for overseas borrowers include arrangements covering the placing of orders for UK capital goods with a minimum contract value as low as £10,000. The loan is usually for 80 per cent to 85 per cent of the value of each contract and tends to be repayable over two to five years. Lines of credit of this nature again ensure the British exporter's payment in cash.

The ECGD understandably finds it impracticable to investigate the creditworthiness of all overseas buyers, especially those

involved in contracts on terms of less than six months. Instead, and in order to allow exporters maximum trading flexibility, each ECGD policy would normally stipulate a maximum discretionary limit of around £5,000. The exporter is encouraged to trade up to this outstanding claims figure with buyers without reference to the ECGD.

In the event of a claim the exporter has to justify allowing this amount of credit. Where the amount outstanding with a foreign buyer exceeds the discretionary limit, a credit ceiling must be agreed with the ECGD. In practice most credit approvals run on year after year and are cancelled or reduced only if adverse information is received. The department describes as "considerable" the organisation that it employs for credit verification of overseas buyers.

In addition to its export credit insurance trading operation and investment insurance schemes, the ECGD is responsible for certain non-trading operations

which involve the direct disbursement of public funds. One of these is a scheme for financing sterling exports at fixed rates of interest for terms of two years or more. Under this scheme the department refinances a proportion of a bank's advances and ensures the bank a commercial return on the unrefinanced portion. Total fixed rate credit outstanding at March 1978 was £4.2bn, or 16 per cent more than at the end of March 1977.

The ECGD's arrangements for supporting fixed-rate foreign currency financing for exporters entail a similar obligation to ensure participating banks a commercial return on lending. The department has no re-financing obligation. But because of time limitations on Euro dollar borrowings and their continued availability during the life of a credit the ECGD accepts contingent liability to take over all or part of the funding should the need arise.

Jeffrey Brown

## Factoring gains in favour

AFTER MANY years as something of a financial outcast, factoring has now more or less come in out of the cold. Not that all critics have been won over to this method of company financing whereby a factor buys money that is owing to its clients, thus taking over responsibility for its collection. There are still those who argue that it is both a costly service and an expensive exercise if a company wishes to release itself at some time from factoring. But by and large its supporters are now to be found in substantial numbers.

A significant reason for the growing acceptance of factoring must be the rapidly expanding involvement of the major banks in this field. The Big Four clearers all have sizeable factoring subsidiaries, while Lloyds and Scottish has a very big stake in the business through three factoring subsidiaries—International Factors, Independent Factors and Alex Lawrie.

Indeed, at one point Lloyds and Scottish enjoyed control of one-third of the total factoring market before such companies as Credit Factoring International, part of the National Westminster banking group, started to flex their muscles. Though factoring made a slow start in the UK back in the early 1960s, it has come along a pace in the past few years. Indeed, a milestone was reached in 1978 when factoring business in the UK topped the £1bn mark for the first time. Figures released earlier this year by the Association of British Factors (ABF), which represents around 80 per cent of factoring turnover, showed that a 38 per cent rise in turnover was recorded last year, from £968m to £1.34bn. At that time Mr. Freddie Sallinger, chairman of the association, remarked that the industry was acquiring "a better image."

An interesting feature of the growth was that it was most noticeable among the small- and medium-sized companies. That this type of company has always been and remains the major user of factoring is borne out by the fact that the average client turnover for a full factoring service is a little over £500,000, according to the ABF figures. Given that there are a significant number of big company clients on the books of most of the larger factors, this shows that even very small companies with modest annual sales are embraced by the service.

## Removal

Why do companies turn to factoring if, as is still argued, it is expensive? With the smaller companies it is undoubtedly convenience—the removal of the administrative worry of sending out invoices and chasing payments, while at the same time releasing funds that can be ploughed back into expansion of the business.

With larger companies the same element applies, but there may be wider considerations. For example, a large group may wish to use factoring within one of its subsidiaries to help fund exports in preference to using export credit guarantees through ECGD—indeed it may be a useful alternative when such credit guarantees cannot be obtained. In this area Credit Factoring International is unusual in that it has its own international network of offices through the NatWest overseas division. But most of the other big factors have similar coverage through links with other overseas financial institutions.

Convenient though factoring may be, it is a service embracing a wide variety of options. For this reason any company contemplating turning over its debtor management to a factor should consider carefully the choices available—otherwise it may find itself less well covered

than it might wish to be or, alternatively, be committed to more services than it really needs. For example, not all companies may wish to take on the expense of bad debt insurance. Most of the major factors provide such insurance, though Alex Lawrie makes itself an exception as a matter of policy.

Broadly, factoring involves the factor buying the value of a client's invoice immediately it is sent out. The amount initially paid over will be around 70 to 80 per cent of the invoice value, with the balance being paid when the entire sum due is received by the factor.

Invoicing collection and other administration will generally be handled by the factor—using the factor's own invoicing system and stationery, which in itself may be a major improvement since many small companies are untidy in their invoicing. And if this seems a small point, think again. For many a small company gets its money late from a large company simply because the latter, using a computerised invoicing system, becomes amazingly inefficient at handling small, traditional type invoices.

One of the differences to be found among factors relates to the conditions they impose on settlement periods. Say a company's records show that, on average, 75 days pass between its invoicing a customer and payment being made. This will set the standard to be operated by the factor. If a payment runs over this period the factor may just wait until he receives it before paying over the balance due to his client (though the factor's initial payment may only be 70 per cent or less of invoice value).

Alternatively, the client may be charged interest on the balance due after 75 days (the corollary being that if an invoice is settled in under 75 days the client gets an interest credit on the balance due). Some other factors may merely pass the invoice back to the client which will have to sort out payment itself.

## Infusion

This gives just a hint of the alternatives available. One point that is universal, though, is that a company can always capitalise a sizeable proportion of its debtors at any given time. When going in for factoring, therefore, a company can realise for cash up to 60 per cent or more of existing debtors, thus providing an infusion of cash.

This money will not be debt, since the company is merely selling an asset. Therefore it does not affect its gearing ratio, nor does it show up on the balance sheet—as with leasing, factoring is known as "off balance sheet" financing, a point which is sometimes criticised since it may mask a company's total financial exposure.

The services and the finance provided are treated as separate items by a factor and are charged accordingly. Services are usually charged in relation to a client's turnover, the rate being up to 3 per cent or so. The cost of money to a client will vary up to around 31 per cent over base lending rate.

Though factoring has not received the ready acceptance that was initially expected when it arrived as a service from the U.S. in the early 1960s, it does now appear to be making its mark. As well as heralding a total business figure of £1bn, 1978 also saw the biggest rise in the number of British companies using the facility—from 1,313 to 1,725.

Nicholas Leslie

## Insurance cover specialists

An efficient credit management system can greatly reduce the financial problems of a supplier or a customer defaulting on credit. But it will not completely eliminate that risk. The provision of credit insurance supplements the company's credit management set-up.

It needs to be remembered that even the most apparent blue chips do occasionally get into trouble. It is salutary to remember that Credit and Guarantee, a leading credit insurance company, paid out over £1m to a client when Rolls-Royce got into trouble—still the largest single credit claim.

There are two main insurance companies in this area—Trade Indemnity and Credit and Guarantee. Each has developed its credit insurance contracts along slightly different lines.

Trade Indemnity has concentrated on providing insurance against insolvency or protracted default by the buyer of goods. Credit and Guarantee covers the default of the customer as well as the default of the supplier. The insurance problems are somewhat different when the supplier runs into trouble as to when the customer experiences difficulties. If the customer or buyer goes insolvent, the company is left with goods for which it has to find another buyer, with uncovered costs arising from the work already completed. This is especially true where the customer is overseas, where orders can be cancelled for the flimsiest of reasons.

With supplier default, the company has to find another supplier in order to complete the work in hand. Usually an alternative supply will be available but at a higher price and involving delays.

The ideal set-up would be to have several sources of supply and several outlets for goods and services. But in certain industries there are only a few sources and only a few outlets, so that the company does not have a lot of choice for diversification.

Trade Indemnity offers two bases for its insurance. The

company seeking cover can either insure on a whole turnover basis on the principle that it needs ongoing insurance the whole time, just as it needs continuous fire insurance; or it can insure on a specific account basis for the one-off special risk or that part of its turnover linked to one customer.

Under most of the contracts issued by Trade Indemnity the cover is 80 per cent of the amount at risk. Credit insurance should never be seen as an alternative to credit management. So in addition to underwriting the cover based on the risk on the client's credit management, the insurer leaves the client with a minority but significant stake in ensuring that credit management is adequate.

## Default

Credit and Guarantee operates on a specific risk principle for its customer default contract. Once the client has accepted the order for goods or services, the contract covers pre-delivery risk in that the customer may go insolvent before receiving the goods, as well as the post-delivery risk in that the customer has received the goods but cannot pay for them. The contract also covers subcontractors from any loss suffered. Credit and Guarantee normally provides indemnity against between 85 and 90 per cent of the amount involved, depending on the risk.

Similar considerations apply with Credit and Guarantee's supplier default policy—again the normal indemnity provided covers between 85 and 90 per cent of the risk. In underwriting the contract the insurance companies will need to know details of the transactions and the terms of payment. The client will have to show that he operates an adequate system of credit management and the insurance companies may well carry out a credit control inspection. Both these companies have a very extensive library and records of all commercial and

industrial companies operating in the UK. The information they demand and obtain on the operations of various companies would make an investor's analysts or a financial journalist green with envy. Both companies are in a position to advise clients when they feel that their links with customers are tenuous or in need of revision. They can steer clients away from potentially hazardous ventures which could lead them into serious financial difficulty.

In the current uncertain economic climate there is a growing demand for credit insurance facilities. Trade Indemnity reports that its business has grown quite sharply in 1979. It is seeking more company failures. It is finding itself covering more export risks. But in the export field both these insurance companies stuck rigidly to business where there is political stability such as in exports to Europe, North America and Australia. They rigorously eschew the political risk field.

The general field of credit insurance is a complex area. Companies would be well advised to seek the services of those insurance brokers who specialise in credit insurance. This is advisable whether the company is seeking continuous cover or whether it has the one off order it feels needs insurance cover.

Trade Indemnity has stuck mainly to the main company credit insurance risk. Credit and Guarantee has expanded its product range to cover the more esoteric risk. It will, for instance, cover non-payment of rent on commercial property—a boom for the property companies and financial institutions holding property in their investment portfolios.

Credit and Guarantee has also covered the credit risk for individuals linking up with hal day insurance and remortgage risks. But its main concern is still the provision of credit insurance in the company field.

Eric Shot

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# Chasing up the slow payers

DEBT COLLECTORS generally get a bad Press, mainly because of the unconventional business methods of a few unscrupulous practitioners always attract publicity.

The recent case of a London company which sends specially trained "smelly tramps" to chase up debtors hardly advances the cause of a respectable debt collecting profession.

In the past year or two, however, those who make a living out of reminding others to pay their bills have become increasingly aware of the need to dispel the damaging myth of jowler-hatted heavies, knocking in doors and forcibly extracting their dues.

Until not so long ago most companies or businesses anxious to do something about their debtors automatically turned to a solicitor. Quite often the service of chasing up customers was, and still is, thrown in with other legal work or carried out for a small additional fee.

Today the idea persists that this sort of thing is best dealt with in the courts but the beleaguered businessman is certainly more likely now than then to enlist the support of a debt collection agency.

Collection agencies have been around for a long time but only in recent years have the leading companies attempted to establish themselves as a serious service industry. Critics might bemoan that they still have one way to go, although the recent advances have been impressive.

The basic problem is structural. Anybody, given an office, a copying machine, a telephone and perhaps a secretary, an set him or herself up as an agency. Debt collecting is not capital-intensive and it is therefore difficult to keep tabs and impose standards on those involved.

This also makes it difficult to assess the size of the industry, according to the Office of Fair Trading, however—which issues licences—there are probably at least 400 agencies in the UK, only the top 20 operate on a scale and most of the rest

are probably confined to one part of the country or even one particular sector of the economy.

Two trade associations represent debt collectors in the UK. The larger and more established of these is the National Association of Trade Protection Societies (NATPS), which traditionally has been composed only of mutual non-profit making organisations.

A few years ago, however, primarily in response to the Consumer Credit Act of 1974, the NATPS opened its doors to commercially orientated companies and now boasts a total of roughly 30 members.

In 1978 these NATPS members were instructed to collect 239,000 debts of £72m for 92,000 clients.

Most members of the NATPS, which takes in mutual societies like the United Association for the Protection of Trade and the Manchester Guardian, to profit making groups like Dun and Bradstreet and British Mercantile Agency, have been in business for many years. The Credit Agencies Association (CAA), on the other hand, broadly represents the newer companies. Founded three years ago, it also has about 30 members who between them collected an estimated £50m of debts last year.

Both associations meanwhile claim not only to look after the interests of their members but also to protect their clients through the adoption of certain standards of behaviour.

## Strides

Mr. Terry Robinson, chairman of the Liverpool-based Commercial Credit Consultants and chairman of the CAA, feels agencies have made rapid strides in recent years.

"Ten years ago few people trusted us," he admits. "Now, however, we have got rid of this stigma and enjoy a place alongside the more reputable service industries. Our members act for most of the big companies which seem perfectly happy to use collection agencies.

American businesses are particularly keen to employ us and while some of their British counterparts are still not enthusiastic at least they no longer poo-poo the idea."

Mr. Robinson concedes that the industry still has its rotten eggs and cites the example of the smellicies. "It is our policy in the CAA that anything like this which comes to our attention is reported to the Office of Fair Trading."

Both associations, incidentally, represent companies which specialise in both trade debt (incurred by business customers of a business) and consumer debt (incurred by retail customers in a shop). Procedures, of course, vary from agency to agency but invariably companies stress the "softly softly" approach.

"Psychologists in the U.S. have defined a pressure curve which we find works successfully," says Mr. Don Hadick, general manager of Dun and Bradstreet's commercial collection division. This involves starting out with a polite "non-shrill" request for payment. If there is no response a more strongly worded missive is despatched and if the debtor is still determined to ignore such reasoned appeals, the next step (assuming the amount justifies such action) is a telephone call.

"Very often we find people who do not realise it is in their best interests to pay. In most cases we manage to persuade them at this stage," says Mr. Hadick.

The last resort for any debt collection agency is the law. Dun and Bradstreet estimates that 6 per cent of all debts handled go to solicitors—though in terms of value, since it is the larger amounts which are generally contentious, the figure is probably nearer 12 per cent.

Terry Robinson of the CAA reckons the proportion of cases handled by his members which end in litigation is even lower, at around 1 per cent. "We are trying to avoid the courts all the time. Win or lose, solicitors

are expensive and very often we would advise our clients to write off a bad debt."

It is always difficult to generalise about the cost of debt collection to a potential client. In virtually all cases fees are only charged if the outstanding payment is successfully recovered but the amount of this levy will depend on such things as a client's past record, the quality of his customers and the age of the debt.

## Status

Most agencies, particularly the bigger ones, offer further services such as credit status reports and tracing. Status reports provide a valuable tool for credit managers, allowing them to assess the creditworthiness of a potential customer. Sources which help an agency build up its files include Companies House, the subject's bank manager, other credit references and, of course, where possible his previous record of paying his debts.

According to Mr. Don Jerome, chairman of British Mercantile Agency, credit managers, where they exist, are not always aware of the benefits of working closely with a collection agency. "Very few credit managers fully co-operate with an agency," he says. "Generally they are only prepared to forward the name and address of the customer about whom they wish to know more. Ideally they should discuss their needs in some detail and share their problems with us."

Debt collection techniques and the establishment of debt collection as a recognised professional service are catching on in the UK but the advances in Canada, Australia and the U.S. are considerably greater. As one interested observer ruefully notes: "Solicitors have a great hold in this country on people in industry. They have successfully sold the idea that they are the only people who can collect a debt without dwelling on the cost and inconvenience which this involves."

Tim Dickson

# Patchy implementation of Consumer Act

WHILE VERY considerable changes are taking place in the consumer credit industry, including an increasing number of credit schemes of all types, this change strangely enough owes little or nothing to the Consumer Credit Act. Although the Act was passed as long ago as July 1974, the complexities of implementation have proved such that even now its effects are minimal and it will not indeed be until the making of the regulations governing advertising that the first major effect on the day-to-day working of the industry will really become apparent.

Up to now the framework of the law governing consumer credit, most of which still remains in force, has been a patchwork of statutes regulating credit by its form rather than by its function, leaving several types of credit not subject to any specific law at all. Many of the harsh and antiquated provisions of the Moneylenders Acts, for example, remain in force and compare oddly with those of the Hire Purchase Act 1965.

## Licensed

It was therefore hardly surprising that the Committee on Consumer Credit chaired by Lord Crowther strongly recommended in 1971 that there should be one law to govern all forms of consumer credit transactions plus those forms of hire or rental which were effectively in alternative to credit. Among the committee's other recommendations were that businesses operating in the consumer credit field should be licensed and that there should be a full disclosure of the cost of borrowings, including a statement of the Annual Percentage Rate of Charge. The Crowther Committee's main recommendations were embodied in the Consumer Credit Act 1974.

Although this was a complex Act comprising no fewer than 183 sections and 5 schedules it was still no more than a framework leaving much of the detail to be dealt with subsequently by regulations.

Many parts of the Act are based on previous legislation, in particular those parts dealing with documentation, cancella-

tion, default and termination which are largely modelled on the previous Hire Purchase Acts. The requirement to disclose the true annual percentage rate of charge both in advertisements and contract documents has, however, given rise to considerable problems.

Regulations governing calculation of the rate of charge (but not its disclosure) were in fact published two years ago and at about the same time the Stationery Office produced tables giving the annual percentage rate of charge corresponding to a wide range of values of "flat rate", "charge per pound lent" and "period rate". These were necessary because the rules for calculating the rate were based on compound interest theory and thus could not be applied in practice by most traders.

Even so, the use of the tables is limited to straightforward instalment or running account agreements and the creditor regularly entering into more complicated transactions will in practice need access to a computer. The position is also made more difficult as far as calculation goes by the fact that ancillary charges (for maintenance, insurance, etc.) may in certain circumstances have to be taken into account when calculating the annual percentage rate.

The first regulations requiring disclosure of rates will be those governing advertising and quotations, which were at an advanced state of preparation when Parliament was dissolved. It is expected that these will require the inclusion of annual percentage rates in most credit advertisements other than simple "prestige" advertising, and consultation papers to date suggest that the regulations will be of very considerable complexity.

It may be observed in passing that one problem facing the authorities in this field is that excessively restrictive regulations could lead to a decrease in the advertising of credit with the consequence that the consumer might receive less information rather than more.

Regulations governing the form and content of contract documents are expected to follow next but it appears to be

accepted that a considerable period will be needed for their implementation. Work has already started on regulations prescribing minimum rebates of charge where an account is paid off early.

The first major part of the Act to be in full operation was that setting up the licensing system under the auspices of the Director General of Fair Trading. Not only consumer credit businesses and consumer hire businesses need licences, credit brokers (defined so as to include retailers who put their credit business through a finance house) are also required to hold licences, as are debt counsellors, debt adjusters, debt collectors and credit reference agencies. In general the licensing requirements affect only businesses operating in the consumer credit field, but it should be remembered that extending credit to sole traders and partnerships may lead to the requirement to obtain a licence.

## Deterrent

Most applicants have obtained the licences which they sought without difficulty, although there have been a number of instances where the Director General has required changes in trading practices before issuing a licence. While the number of actual refusals has been small it is argued in some truth that the value of the licensing system is principally as a deterrent against misbehaviour, since failure to obtain (or the subsequent loss of) a licence will effectively prevent the offender from continuing to operate in the credit field.

A number of sections of the Act were brought into force in 1977, starting as might be expected with the rules setting out which transactions were governed by the Act. These are basically credit or hire facilities to individuals where the credit extended or the hire rentals do not exceed £5,000, subject to certain exceptions, typical of which is that which excludes ordinary weekly or monthly credit accounts from the Act's control.

Possibly most widely known (even if not best understood) of the sections now in force is

section 75 dealing with "connected lender liability." It has long been the case that a finance house extending credit by way of hire purchase or credit sale incurs liability for defects or other breaches of contract in relation to the goods so financed, simply because title to the goods passes through the finance house which is thus technically speaking acting as a retailer. Section 75 does not alter this but gives customers the right to sue a creditor in a point of sale loan or credit card transaction where the "supplier" (i.e. the retailer) is in breach of contract, thereby placing those forms of credit on a similar footing to hire purchase or credit sale.

Sections giving the Courts powers to re-open an "extortionate credit bargain" so as to do justice between the parties also came into force in 1977. Experience to date confirms that these are not a universal panacea for the debtor and that the Courts will attach considerable importance to such factors as the risks run by the creditor when deciding whether a bargain is extortionate.

Further sections give an individual a right to obtain a copy of the information held about him by a credit reference agency and prescribe a procedure for correcting inaccurate or misleading information. A customer can also obtain from a trader from whom he has sought credit the name of any agency consulted, even if this has not led to a refusal of credit.

Further sections in force regulate door to door canvassing and make it an offence to send a person an "unsolicited credit token."

As has already been made clear the sections so far in force represent a relatively small proportion of an Act intended to regulate all aspects of credit granting. With an Act of such complexity however a relatively slow process of implementation has considerable advantages, not only for traders and their customers but also for those whose task it will be to police the working of the Act.

P. J. Patrick  
Secretary, Consumer Credit Trade Association

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Companies and Markets

LONDON STOCK EXCHANGE

Diverse trends appear with equities unable to extend advance but Gilts improving on revived Budget hopes

Account Dealing Dates
Option
First Declara- Last Account
Dealings Dealing Day
May 21 June 1 June 12
June 4 June 14 June 15 June 26
June 13 June 28 June 29 July 10

The equity market yesterday directed its attention to sterling in the absence of any further institutional inquiries for selected shares and little else with which to occupy itself apart from the sombre picture of British industry presented by the National Economic Development Council's report...

Enthusiasm for situation stocks tended to wane with the exception of the Foods sector, but trading announcements aroused interest in selected issues such as British Petroleum which extended an early gain following first-quarter profits at the top end of market expectations...

Higher rates for investment currency were motivated by the easier tendency in sterling coupled with fresh demand from institutional and other sources for the purchase of both U.S. securities and South African Gold shares...

Interest in the Traded Option market centred mainly around BP both before and after the first-quarter figures and the group finally accounted for 133 of the 507 contracts completed.

Hambros wanted
The disappointing interim results reported by its subsidiary Hambros International unsettled Barclays which fell away steadily to close 12 down on balance at 463p...

at 330p, Midland 5 down at 412p and NatWest a couple of pence off at 355p. Elsewhere, buyers came for Hambros ahead of the preliminary results due later this month and the close was 17 higher at 300p.

Consideration of the chairman's cheerless statement prompted a fall of 6 to 265p in GRE and induced dulness in other Composite Insurances, Sun Alliance, 530p, and General Accident, 228p, lost 8 pence, while Royals gave up 7 to 383p and Phoenix 6 to 248p.

Breweries passed another uninteresting session. Among the occasional movements, Buckley's eased 3 to 53p on the lower annual profits. Elsewhere, renewed buying interest was shown in Highland Distillers, 4 up at 100p, after 103p, but bid speculation faded in Amalgamated Distilled, down 2 at 44p.

In Buildings, recent high-flyer Brown and Jackson encountered profit-taking and shed 18 to 250p, but renewed speculative demand lifted Blockleys 8 to 75p and prompted a gain of 5 to 74p in Mallinson-Denny.

Still reflecting the decision to close two of the company's loss-making metal fabricating plants, National Carbosil improved 3 more to 60p. Dobson Park Industries, on the other hand, lost 4 to 116p in reaction to the disappointing first-half profits which fell well short of expectations...

Good markets on Wednesday on hopes of a profitable Epsom Derby. Profit-taking led to a sharp fall in the afternoon off at 118p. Among other Leisure issues, buyers again showed interest in Hawley which added 3p for a two-day gain of 6p to 36p, after 37p, but scalped 4p to 35p on Wednesday. Agency and Music 6 easier at 179p and clipped 5p from Saga at 161p.

An easier tendency was apparent among Garage concerns where Lex shed 3 to 99p and Dutton-Forsyth cheapened 1 to 101p. On the other hand, adverse Press mention prompted dulness in Air Industrial Products, down 5 at 46p.

Speculative demand was responsible for most notable gains in Foods. Continued interest in a thin market lifted Bernard Matthews (Half-Fax) added 4 to 182p, Tunnel B, however, at 306p, relinquished most of the previous day's speculative gain of 6p.

Further demand was forthcoming for International Thomson issues, the Ordinary and Convertible adding 5 pence to 385p and 338p respectively. In Paper/Printings, Culter Guard Bridge added 2 to 31p following the improved annual results.

Buyers continued to show interest in selected Property issues. Speculative counter-intray and Bernard Sunley added 10 pence to 710p and 380p respectively. Mountview Estates added 2 to 142p in related interest.

Anticipating the annual results, Brent Walker shed 3 to 87p for a fall so far on the week of 13, but interest was shown in other shares. In the afternoon, interest improved 2 to 414p. Elsewhere, AB Foods, annual results on Monday, added 4 to 80p.

Bestobell jump
Bestobell stood out in miscellaneous Industrials, rising initially to around 130p following a sudden burst of speculative activity before aping then advancing further on news of the bid approach from BTR to close 38p better on balance at 208p, after 215p. BTR hardened 2 to 288p. Speculation on the news of hopes was again forthcoming for Provincial Laundries which gained 5p more to 431p, while the 12 per cent Convertible, 1986-1988, added 80 to 400p. Vinten continued firmly at 168p, up 12, and Thomas French improved 2 to 98p, the latter on buying in front of today's interim results.

Shipments were featured by a jump of 21 to 305p in Furness Wilby awaiting further developments in the Eurocomedian/KCA attempt to oust the Furness Board. Elsewhere, British and Commonwealth were supported at 378p, up 7, while Ocean Transport improved 11 more to 106p and Lof's were similarly better at 501p. P and O Deferred, however, eased 2 to 102p.

Among the handful of changes in Textiles, Highams hardened a penny to 88p on the annual results. Occasional support lifted David Dixon 4 to 132p and Younghal 2 to 30p, but Small and Tidman came on offer at 88p, down 4. In common with the majority of leaders, Courtaulds gave up a few pence to 102p.

A London Trade House's prediction that natural rubber prices may rise by up to 50 per cent in the second half of the year combined with the highly satisfactory preliminary results reported by Guthrie helped the Plantation market experience its busiest and firmest session for some while. Guthrie touched a 1979 peak of 617p on the results before closing 17 better on balance at 615p. Longwood (Selangor) jumped 25 to 460p, Killgallagher rose 20 to 430p and Kinta Kelas advanced 11 to 183p, while Castlefield appreciated 10 to 380p and improvements on between 7 and 8 were seen in BME, 154p, Anglo-Indonesian, 133p and Nuar River, 84p. Dorankade put on 12 to 340p following the good results. In Teas, Warren, after easing to 140p on annual profits setback, picked up late to finish unaltered at 143p.

Profit-taking in Golds
Gold shares went into reverse yesterday after the strong gains of the previous two days. Light profit taking was prompted by a downturn in the bullion price after the International Monetary Fund got action coupled with a weaker Financial Rand.

The Gold Mines index gave up 2.9 to 205.5 while the ex-premium relinquished 3.3 to 165.7, the heavier fall in the latter reflecting the firmness of the investment currency premium which cushioned losses in sterling terms.

Among the heavyweights losses ranged to 3 in Randfontein, 232, and West Driefontein, 231, while Free State Geduld went 3 cheaper at 151. Stiffontein eased 20 to 428p following the dividend announcement. Medium and lower priced issued showed falls of around 40 common to President Steyn, 900p at 81p, Helena, 99p, while the margins Durban Deep fell 38 to 582p. Persistent London-

FINANCIAL TIMES STOCK INDICES
Table with columns for various stock indices (Government Secs., Fixed Interest, Industrial, Gold Mines, etc.) and their values for different dates.

HIGHS AND LOWS
Table showing high and low values for various stock indices and sectors.

NEW HIGHS AND LOWS FOR 1979
Table listing new high and low values for various companies and sectors.

RISES AND FALLS YESTERDAY
Table showing the percentage changes in various stock indices and sectors.

LONDON TRADED OPTIONS
Table with columns for Option, Ex. price, Closing offer, Vol., etc., listing various options and their trading details.

Jewellers better
Stores were featured by strength in Jewellery concerns as buyers appeared ahead of next Tuesday's budget. H. Samuel A put on 9 to 250p and Ernest Jones added 8 to 238p, while Ratners closed 3 to the good at 91p. Reflecting speculative support, most of which was given late the previous evening, Wearwell jumped 6 to a 1979 peak of 39p, while Lee Cooper rose 5 more to 300p on continued buying in a thin market.

Helped by bid talk, Plessey moved against the trend in the Electrical leaders and closed 5 higher at 105p; the annual results are due on June 28. On the other hand, GEC drifted off to

Among Overseas Traders, satisfactory results left Harisons and Crossfield 37 higher at 762p.

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OPTIONS
DEALING DATES
ACTIVE STOCKS
RECENT ISSUES
FIXED INTEREST STOCKS
"RIGHTS" OFFERS
Table containing various financial data, stock prices, and interest rates.

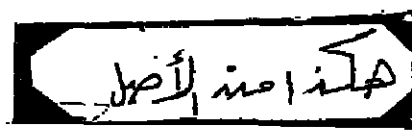
FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries
Table with columns for EQUITY GROUPS & SUB-SECTIONS and FIXED INTEREST PRICE INDICES.

ART GALLERIES
AGNEW GALLERY, 41 Old Bond St. W.1.
MALL GALLERIES, The Mall, S.W.1.
FINE ART SOCIETY, 148, New Bond St. W.1.
LITTLE GALLERY, 12, Grafton St. W.1.
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EUROBONDS
The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times.
It will be published in an eight-page format on the following dates in the remainder of 1979:
July 11 October 15
August 13 November 13
September 10 December 10

Table with columns for various financial data, including interest rates and stock prices.





AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as 'Minister Fund Managers Ltd.', 'Murray Johnsons U.K. Mgt. Co.', 'National and Commercial', and 'Scottish Equitable Fnd. Mgrs. Ltd.' with columns for fund names and values.

Table listing insurance and property bonds companies including 'Abney Life Assurance Co. Ltd.', 'Aberdeen Life Assurance Co. Ltd.', 'Aberdeen Property Assurance Co. Ltd.', and 'Aberdeen & North Mtn. Assur. Co. Ltd.'.

Table listing offshore and overseas funds such as 'Alexander Fund', 'Allen Harvey & Ross Inv. Mgt. (C.I.)', 'Arbuthnot Securities (C.I.) Limited', and 'Bank of America International S.A.'.

Table listing various financial services and companies including 'Kemp-Gee Management, Jersey Ltd.', 'Keyser Ullmann Ltd.', 'King & Shaxson Mgrs.', and 'Kleinwort Benson Limited'.

NOTES: Please do not take a premium... and are in force unless otherwise indicated. These are shown in the column allow for all other expenses...





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# FT SHARE INFORMATION SERVICE

## FOREIGN BONDS & RAILS

High	Low	Stock	Price	%	Yield	Div.
22	22	Antioquia Ry.	22			
22	22	Chilean Ry.	22			
22	22	China Ry.	22			
22	22	India Ry.	22			
22	22	Japan Ry.	22			
22	22	UK Govt.	22			

## BANKS & HP—Continued

High	Low	Stock	Price	%	Yield	Div.
122	122	Barclays	122			
122	122	HSBC	122			
122	122	Midland	122			
122	122	Nat. Westminster	122			
122	122	Paragon	122			

## CHEMICALS, PLASTICS—Cont.

High	Low	Stock	Price	%	Yield	Div.
100	100	ICI	100			
100	100	Imperial Chemical	100			
100	100	Shell Chemical	100			
100	100	Woolwich	100			

## ENGINEERING—Continued

High	Low	Stock	Price	%	Yield	Div.
100	100	Alison	100			
100	100	Alison Power	100			
100	100	Alison Ship	100			
100	100	Alison Steel	100			

High	Low	Stock	Price	%	Yield	Div.
100	100	Alison	100			
100	100	Alison Power	100			
100	100	Alison Ship	100			
100	100	Alison Steel	100			

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

High	Low	Stock	Price	%	Yield	Div.
100	100	British Fund	100			
100	100	British Fund	100			
100	100	British Fund	100			

## Five to Fifteen Years

High	Low	Stock	Price	%	Yield	Div.
100	100	British Fund	100			
100	100	British Fund	100			

## Over Fifteen Years

High	Low	Stock	Price	%	Yield	Div.
100	100	British Fund	100			
100	100	British Fund	100			

## Undated

High	Low	Stock	Price	%	Yield	Div.
100	100	British Fund	100			

## AMERICANS

High	Low	Stock	Price	%	Yield	Div.
100	100	AMF	100			
100	100	AMF	100			
100	100	AMF	100			

## Hire Purchase, etc.

High	Low	Stock	Price	%	Yield	Div.
100	100	Hire Purchase	100			

## BEERS, WINES AND SPIRITS

High	Low	Stock	Price	%	Yield	Div.
100	100	Beers	100			
100	100	Wines	100			
100	100	Spirits	100			

## BUILDING INDUSTRY, TIMBER AND ROADS

High	Low	Stock	Price	%	Yield	Div.
100	100	Building	100			
100	100	Timber	100			
100	100	Roads	100			

## DRAPERY AND STORES

High	Low	Stock	Price	%	Yield	Div.
100	100	Drapery	100			
100	100	Stores	100			

## INDUSTRIALS (Miscel.)

High	Low	Stock	Price	%	Yield	Div.
100	100	Industrials	100			
100	100	Miscel.	100			

## HOTELS AND CATERERS

High	Low	Stock	Price	%	Yield	Div.
100	100	Hotels	100			
100	100	Caterers	100			

## INDUSTRIALS (Miscel.)

High	Low	Stock	Price	%	Yield	Div.
100	100	Industrials	100			
100	100	Miscel.	100			

## CANADIANS

High	Low	Stock	Price	%	Yield	Div.
100	100	Canadians	100			

## BANKS AND HIRE PURCHASE

High	Low	Stock	Price	%	Yield	Div.
100	100	Banks	100			
100	100	Hire Purchase	100			

## INTERNATIONAL BANK

85 | 80 | 5pc Stock 77-82 | 84 1/2 | 5.92 | 10.88

## CORPORATION LOANS

High	Low	Stock	Price	%	Yield	Div.
100	100	Corporation	100			

## COMMONWEALTH & AFRICAN LOANS

High	Low	Stock	Price	%	Yield	Div.
100	100	Commonwealth	100			
100	100	African	100			

## ELECTRICAL AND RADIO

High	Low	Stock	Price	%	Yield	Div.
100	100	Electrical	100			
100	100	Radio	100			

## FOOD, GROCERIES, ETC.

High	Low	Stock	Price	%	Yield	Div.
100	100	Food	100			
100	100	Groceries	100			
100	100	Etc.	100			

## ENGINEERING MACHINE TOOLS

High	Low	Stock	Price	%	Yield	Div.
100	100	Engineering	100			
100	100	Machine Tools	100			

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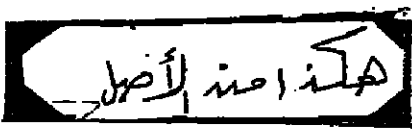
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DAIWA BANK logo and text: 'a fully integrated banking service', 'Head Office: Osaka, Japan'.

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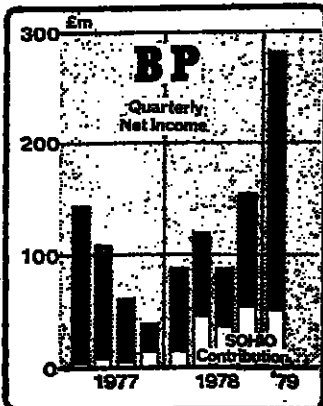
Table of 3-month call rates and options data.



THE LEX COLUMN

Profit pumps are full at BP

Index fell 2.9 to 514.0



The erratic behaviour of oil company earnings can usually be blamed on the accountants, so it was only natural that when BP announced first quarter net income of £281.9m...

The last quarter of 1978, in which BP, already enjoying fatter margins as oil became more scarce, made £152m with no stock profit element...

Another plus point for BTR in a bid is the strength of its own share price, which currently stands over 50 per cent above this year's low point...

Shell Companies

There are some salutary lessons for the City in the Department of Trade Inspectors' report on Larkfold Holdings. On its own, this company would have had no chance of obtaining a stock exchange quotation...

BTR/Bestobell

BTR has apparently had its eyes on Bestobell for years, and a bid could make a lot of sense. Bestobell makes attractive returns in most of its activities...

Another worrying point is the fact that it has still not proved that it can successfully handle its ambitious diversification plans...

speed with which a company that started off with respect City backers found itself what the inspectors describe as 'less responsible hands'...

Finally there is the fact that the issue of Section 54 of the Companies Act, which forces the use of a company's money to buy its own shares...

With rising commodity prices plus some recovery from the drought both H and C Guthrie are expecting a much better performance in the current year...

Plantation shares

Harrisons and Crossfield's Guthrie Corporation had almost forecast their 1978 results. The actual figures held a surprise. H and C's profits were £1m lower...

Complaints

One of the main British complaints is that despite instructions from the last European summit in Paris in March that the issue examined in depth, neither its partners nor the economic policy committee have made much effort to tackle it...

Belgium contends that although the cost of farm price support is high, Britain would be even worse off without the CAP because maintaining the old British system of deficiency payments would cost it an extra £3m a year...

This, says the CAP, misses the point. The CAP causes a huge flow of funds out of Britain, and even if spending on deficiency payments was higher, no money would actually leave the country...

Another worrying point is the fact that it has still not proved that it can successfully handle its ambitious diversification plans...

FAA 'hysterical' airlines say

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AND European airlines with DC-10 aircraft yesterday bitterly attacked the U.S. Federal Aviation Administration's decision to ground all U.S. DC-10 jets indefinitely.

The FAA's decision, which was widely followed throughout the world, was described as hysterical by some affected airlines, as a scramble for alternative equipment, such as Boeing 707s and Douglas DC-8s, got under way.

In Britain, the Civil Aviation Authority, responsible for the airworthiness of civil aircraft in the UK, sought urgent clarification from the FAA of the precise reasons for Wednesday's decision.

"We have sent the FAA a long and complex list of technical questions to which we want answers," said the CAA. "While the CAA remains confident that the DC-10s on the UK register are safe to fly, it does not intend to clear them until it has learned more about the FAA's reasons."

Similar questions were being put to the FAA yesterday by the airworthiness organisations of many other countries.

In particular, they want to know how many of the faults in engine pylon mountings occurred on the earliest Series 10 DC-10s, and the evidence for a "possible design flaw" discovered in the aft bulkhead.

So far, all the other airworthiness authorities have acted under the unwritten rule that, if the FAA expresses dissatisfaction or concern about a U.S.-built and certified airliner, they must also be concerned.

But they have not yet got the details needed to enable them to check the aircraft on their own registers.

In the meantime, the affected airlines rushed to charter Boeing 707s and other long-haul jets, including Boeing 747s and Lockheed TriStars.

"We are shopping around," a BCAA spokesman said. "We will try to find someone else who is being fair."

Boeing 707s it was planning to sell.

Sir Freddie Laker, chairman of Laker Airways, which has six DC-10s, was also looking for other aircraft and had sub-chartered some, including an Airbus, for short-haul work.

Yesterday's and today's Skytrain flights to the U.S. were cancelled.

One effect of this has been a shortage of cheap "Stand-By" seats on the scheduled airlines, including British Airways, Pan American and Trans World Airlines.

Both Sir Freddie, and Sir Peter Masefield, of British Caledonian, said the U.S. had "panicked."

"We are satisfied from our own inspections and knowledge of this aircraft that they are safe, have no problems and that we will be able to find any problems ourselves before they become serious."

The FAA reacted hysterically. Japan Air Lines said it was perplexed by the "blanket decision" to withdraw the type certificate.

The Airline Passengers' Association attacked Mr. Laker, saying he was "evasive and deceptive" in his conduct of the affair since the crash at Chicago on May 25.

Jurek Martin writes from Washington: Inspectors from the FAA and the National Transportation Safety Board are intensifying their investigations into the possibility of fundamental structural flaws in the aircraft.

They are being led by staff of the FAA's Los Angeles office, adjacent to one of the main McDonnell-Douglas assembly plants.

An FAA spokesman said it was still impossible to say how long the DC-10s would remain out of service: it was far too early for the inspectors to have come up with any additional findings or explanations.

McDonnell-Douglas may appeal to the National Transportation Safety Board against the suspension of airworthiness certificates of all DC-10 models.



Sir Freddie Laker: Looking for aircraft.

of airworthiness certificates of all DC-10 models. The company said on Wednesday that only the DC-10 series 10, used mainly on domestic and shorter flights, had been found faulty; the series 30 and 40 still had a clean bill.

The FAA believes there is sufficient evidence of design to justify grounding all versions. Other DC-10 news Page 4. What it means for airlines and passengers Page 20.

Euro-elections off to apathetic start

BY REGINALD DALE, EUROPEAN EDITOR

THE FIRST European elections got off to a slow and largely apathetic start in the four of the nine EEC countries that voted yesterday — the UK, Ireland, Denmark and the Netherlands.

Turnout is expected to be considerably higher in the five countries that vote on Sunday — France, Germany, Italy, Belgium and Luxembourg.

Throughout the Community the first democratic vote for the European Parliament is likely to be significantly smaller than usual in national elections.

In Denmark, like the UK, turnout was about 50 per cent — the lowest vote in any Danish poll since the second world war.

It was the same story in the Netherlands. A straw poll conducted for the Dutch national news agency, ANP, suggested turnout had been 57.8 per cent, against 87.5 per cent in the 1977 general elections.

Fuel alert

Gains were attributed to the Christian Democrats, the major partners in the government coalition, and the small left-wing D'66. Labour, the main opposition party, and the Liberals, junior partners in the coalition, lost support according to the poll.

Prior sets up probe into unions' recruitment fight

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT has fulfilled the first of its manifesto promises on industrial relations by setting up an inquiry into trade union recruitment of new staff and advertising agency employees.

Although no unions were named in yesterday's announcement, the inquiry is aimed principally at the process workers' union SLADE and the other main print craft union, the National Graphical Association.

The unions reacted angrily last night, but there are signs that the Government is to proceed more warily than its critics in Opposition—especially of SLADE—would have suggested.

The inquiry will be private and has not been asked to make any recommendations. It will be conducted by Mr. Andrew Leggatt, QC, and report in about three months' time.

It will probe a bitter struggle between the two unions three years ago for membership in the mainly unorganised advertising industry, and complaints of strong-arm tactics and "blacking" directed against non-union houses and artwork.

Mr. James Prior, Employment Secretary, said the inquiry was to "establish a complete and impartial account of what happened, who was involved, and what the consequences were."

The inquiry, which is likely to attract a flood of grievances from employers and from disaffected union members, will become involved in contentious issues like the closed shop and "secondary" industrial action.

Its report may therefore influence Mr. Prior's ideas on legal changes on these areas of trade union activity promised by the end of the year.

fast city centre was attacked with a grenade and automatic weapons, but there were no casualties.

Leaving aside Belgium and Luxembourg, where voting is obligatory, turnout seems likely to be highest in Italy and France, where 80 per cent and 88 per cent of voters respectively say they plan to vote, according to the latest Eurobarometer poll conducted by the EEC Commission.

Worst informed

The survey suggested that British public opinion was by far the worst informed about the elections' purpose, although awareness had increased slightly in the past few months.

The UK was also the least enthusiastic EEC member, according to the survey. Only 33 per cent of UK voters questioned thought Community membership was "a good thing."

In France, where the Community has been under vigorous attack from both Gaullists and Communists, 83 per cent said they thought EEC membership was a good thing—second only to 84 per cent in the Netherlands.

Looking further ahead, the British were marginally more enthusiastic. Forty-one per cent said they thought EEC membership would turn out to be good in 10 to 15 years, against 25 per cent who thought it would be bad.

France in bid to block British EEC budget move

BY MARGARET VAN HATTEM IN BRUSSELS

FRANCE appears determined to head off British attempts to wrest a commitment from EEC heads of Government meeting in Strasbourg later this month, to set about reducing Britain's disproportionately large net contribution to the EEC budget.

This follows strong indications from the Conservative Government, reaffirmed in Brussels yesterday, that it gives top priority to getting a more equitable deal in this issue in Strasbourg.

Energy policy

France, holder of the EEC presidency, appears bent on securing a major debate on energy policy and on pushing budgetary transfers to the bottom of the agenda.

Britain faces a tough fight to make its voice heard: only Italy is giving strong support. Ireland is expressing non-committal sympathy. Germany and Belgium are openly hostile.

A French official said yesterday that France did not consider the matter to be of general Community interest—despite the reported success of the meeting between Mrs. Thatcher and President Giscard d'Estaing in Paris earlier this week, at which the budget issue was discussed.

Britain is the third poorest country per capita in the EEC, but has already, according to some calculations, overtaken Germany as the largest net contributor to its budget.

This is mainly because farm spending, which swallows three-quarters of the EEC budget, gives little to Britain's tiny farm sector.

Sir Ian Gilmour, the Lord Privy Seal, said yesterday after a meeting with the Belgian Foreign Minister, M. Henri Simonnet, that the UK Government's principal aim at the Strasbourg summit would be to get the other governments to recognise that there was a problem, and to issue a declaration committing Community institutions to studying it and proposing remedies this year.

Meanwhile, Sir Donald Maitland, Britain's ambassador to the EEC, appealed to the other eight ambassadors for "urgent drastic action" to be implemented before the end of the year.

Britain's net contribution to the budget was expected to rise to 1.5bn units of account (about £1bn) next year, from an estimated £943m units of account this year.

Steps taken so far, including a new report prepared by the Community's economic policy committee on the problems of economic convergence, were inadequate, Sir Donald said.

He described the report as "useless," and suggested that rather than presenting it to Finance Ministers on June 18, the Ministers should be left to work out their own ideas before the summit on June 21 and 22.

Fuel-saving package for South Africa

BY QUENTIN PEEL IN JOHANNESBURG

THE SOUTH AFRICAN Government yesterday announced a package of drastic fuel-saving measures, including a 40 per cent price increase, a sharp reduction of the speed limit in big cities, and a mandatory supply cuts to all sectors of the economy.

The severity of the package, announced by Mr. Chris Heunis, the Minister of Economic Affairs, is due to South Africa being dependent on the international spot market for more than 90 per cent of its oil supplies.

It is paying up to \$40 a barrel for oil, adding R2bn (£1.1bn) to its annual import bill.

The most important measures include a petrol and diesel price rise of 15 cents a litre, and a reduction in the speed limit from 90 to 70 kilometres an hour in major metropolitan areas.

The sizes of the crucial supply cuts to agriculture, mining, commerce and industry—designed primarily to save diesel, which is in far shorter supply than petrol—have not been revealed.

Mr. Heunis gave no indication of the effect of the restrictions on South African supplies to neighbouring countries. But petrol prices in Rhodesia have already increased by more than 50 per cent this year, and strict rationing is in force.

South Africa has had to buy virtually all its oil on the spot markets since the Iranian revolution, which cut off some 90 per cent of its oil imports. Mr. Heunis said that availability, rather than price, was the major constraint. He disclosed that oil

imports during the first quarter had dropped by almost 40 per cent.

The huge price increases on the spot market had been offset to a significant extent by the increase in the prices of gold, diamonds and other precious metals, protecting South Africa from a serious balance of payments problem.

The major effect of the latest measures will therefore be on the cautious recovery in the domestic economy.

Mr. Heunis said the price rise would add some 1.9 per cent to the rate of inflation, although he pleaded for producers not to pass on the full cost to consumers.

The major manufacturers' organisations last night called for urgent measures to reduce the impact of the oil shortage on economic growth, warning that present growth strategy could be seriously upset by the conservation measures.

Apart from the mandatory measures, Mr. Heunis said the electrification programme of the South African railways would be accelerated, while steps were also being taken, "in collaboration with the private sector, to reduce the use of road motor transport."

Mr. Heunis gave no indication of the effect of the restrictions on South African supplies to neighbouring countries. But petrol prices in Rhodesia have already increased by more than 50 per cent this year, and strict rationing is in force.

Weather

UK TODAY

GENERALLY cloudy with some rain. Sunny intervals in some areas. London, Midlands, S.E. and N.W. England, N. Wales, Isle of Man, N. Ireland.

Sunny intervals at first, becoming cloudy with some rain. Max. 17C (63F).

E. Cent. S., Cent. N., and S.W. England, Channel Is., Wales, Borders, E. Scotland.

Cloudy, some rain in places. Max. 16C (61F).

Lake District, Rest of Scotland. Cloudy, some sunny intervals later. Max. 14C (57F).

Outlook: Cloudy with rain in places, but lighter weather spreading from North on Sunday.

WORLDWIDE

Table with 3 columns: City, Yday, Today. Lists weather conditions for various cities including Algiers, Athens, Amsterdam, etc.

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